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The concept of the division of labour as the link  
between A. Smith's and G. F. W. Hegel's social theory.

by

ANASTASIA IOANNIDOU

Dissertation submitted as a requirement of the Ph.D.

University of Warwick,  
Department of Sociology,  
Social and Political thought.

SUBMITTED: 20 December, 1995

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### Acknowledgements

I am most thankful to Simon Clarke who supervised and read my work over the last four years, for his patience, and practical advice, comments, criticism and encouragement. I also wish to acknowledge the formative influence by Robert Fine, Gillian Rose through their critiques and for offering valuable inspirations with their work. Thanks are due to Jorge Giannareas who encouraged my early reading on Hegel, to Tony Gorman, Sara Beardsworth, Graham Van Wyk and Adrian Wilding for helping me with the editing of the thesis on its final stage. Thanks are also due to Mike Neary, Annete Robertson, that shared with me their working space over the final stage of my writing, Betty Horner, Chris Coe and other members of staff at Warwick that made easier my staying and working at Warwick.

Manolis Angelidis, Pantelis Basakos, Dionisios Gravaris, Stauros Ioannidis, Giannis Karagiorgis, Kosmas Psychopedis, Yota Spyropoulos are acknowledged for their recommendations and discussions on my research. I should also mention Norbert Waszeck, P. W. Verbung for providing me copies of their work, the friends at the E.U.I. and the inter-library loan service of which I made a good use.

E.S.R.C., I.K.Y.- E.U.I. and D.A.A.D. have partly contributed to the costs of my research and living expenses.

Finally, I wish to express my thanks to my parents and sisters for their love, support and understanding.

The responsibility for the final result is mine.

### Declarations

The third chapter overlaps with some sections of the MA thesis I submitted at Warwick 1991 and sections of chapter one and five have been published as working papers at the E.U.I.. The final version of the chapters presented here is published for the first time.

## Summary

This thesis compares Smith's and Hegel's social theory and in particular focuses on the concept of labour and division of labour in conceptualising the positive aspects of modern society. I examine the shift made from the natural law and social contract theories of society as a form of justification of rights and power towards theories that argued for social reproduction and cohesion on the basis of the rule of law and the rationality that arises from the politico-economic role of the division of labour in society.

Smith set the question of the division of labour in modern society as a politico-economic question with socio-theoretical implications for the modern theory of industrial society. In other words, the division of labour for Smith is both the source of wealth for the modern nation and a principle for the organisation of production. Modern commercial society is characterised by an extensive division of labour which in so far as it highlights individual self-interest, serves to challenge traditional ideas of morality and civic morals as forms of social cohesion. Political economy as the modern science of society reconstructed critically, on the one hand, the political economy of modern institutions, and on the other hand, offered a moral argument that articulates a moral critique of the conflicts of modern society which are extended in all forms of social life.

This socio-theoretical endeavour had great impact on the theories critical of enlightenment such as Hegel's. Hegel, influenced by the developments in the French and Scottish enlightenment, made a shift from his early theological interest towards the socio-political conceptualisation of social developments as part of the conceptualisation of "objective spirit". His early account is negative and exposed both the negativity of the immediate/empiricist and universal/formalist approach to the political science of right and modern ethical life. Labour and division of labour played a crucial role in illustrating the mediating social and ethical elements involved. Hegel was led to a phenomenological and political view of right/law labour/division of labour and exposed the internal logic of the dialectics of civil society and of the division of labour on the institutional level.

Both social theories are dealt with as a conceptualisation of the crisis and the reconstruction of enlightenment thought. In that respect Smith's and Hegel's arguments were complementary although they offer different formulations and answers on the particular question of the division of labour. The first, places emphasis on the political economy of modern liberty and morality in modern commercial society, and the second offers a historical and conceptual reconstruction of right and of political constitution where division of labour is the mediating moment.

**Abbreviations**

TMS	<i>The Theory of Moral Sentiments</i>
WN	<i>The Wealth of Nations</i>
LJ	<i>Lectures on Jurisprudence</i>
L	<i>Lectures on Police Justice Revenue and Arms</i>
EPS	<i>Essays on Philosophical Subjects</i>
NLE	<i>Natural Law Essay</i>
SDS	<i>The System of Ethical Life</i>
FPS	<i>First Philosophy of Spirit</i>
PS	<i>Philosophy of Spirit</i>
TSV	<i>Theories of Surplus Value</i>
C	<i>Capital</i>
CPR	<i>Critique of Hegel's Philosophy of Right</i>
IHL	<i>Introduction to the Lectures of History</i>
ASP	<i>Adam Smith Problem</i>

### Introduction

This thesis compares the types of social theory offered by G. F. W. Hegel and A. Smith as two ways of conceptualising modern commercial or civil society and reconstructs the links between the two. Both theories made central the question of labour and division of labour as a form of mediation of the economic activity of self-interested individuals, but also as the conceptual or "rational" basis for the analysis of modern society. The former highlights the philosophical, and phenomenological aspects of labour and the division of labour, and underlines its importance as a structure of recognition, misrecognition and externalisation. The externalisation through the modern form of the division of labour refers to its politico-economic social and moral effects on the individual labourer as well as on the level of the modern nation as a whole. Division of labour highlights the relations of social interdependence on the basis of mutual interest and thus becomes a structure of moderation of self-interest. To put it in a nutshell, Smith offers a systematic, aesthetic, politico-economic, moral argument and Hegel explores philosophically the contradiction of the systematic enlightenment approach showing its ethical conflicting nature and the forms of recognition and misrecognition involved.

For Smith the division of labour is important for the analysis of the politico-economic relations in the modern nation, i.e. the analysis of its positive aspects as a form of interdependence: first, on the social level meant the increase of the wealth of the nation. Second, the intensification of social inequalities in the form of economic inequalities and stratification in society. Third, the re-examination of the balance

between public and private sphere. Forth, it highlighted the importance of exchange on the basis of self-interest in contrast to the immediate effects on the individual labourer. In other words, specialisation, although it increases the skill, industry, and knowledge of the individual labourer, minimises the time needed to perform a particular task, it transforms individuals into skilled, self-interested "idiots", uninterested in social, political, aesthetic and religious matters.

Smith holds that the division of labour has positive effects for the whole society although the conflicts and contradictions that brings forward. Its positive aspect is to be justified in the natural disposition to barter and exchange one thing for the other, and the need for the assistance of one another. On the socio-theoretical level it has the following consequences: individuals are not perceived as self-interested atoms in a state of war. Instead, the individual is primarily a social, moral being with the "practical rationality" analysed in Smith's system of sympathy and moral theory. The overcoming of the situation of the state of nature towards civilised society presupposes not only the foundation of the monopoly of power by the sovereign, but a different conception of society and socio-economic relations altogether. The moderated self-interested individuals, make exchanges and communications possible. The latter is associated with a developed system of division of labour which allows individuals to pursue their interests, which are mediated by the very structure of the division of labour, i.e. by producing for others and exchange. The contractarian distinction of the pre-social and social contractual agreement in Smith becomes diffused by his "four stage theory" which results in the stage of commercial society

with a developed division of labour. The latter stage presupposes a form of civility which differentiates commercial society from the barbarous society of violence.

The individualism that underlines Smith's argument is essential and his idea of practical rationality is reflected in his theory of just order. Justice is the primary public and moral virtue and is built on the basis of individuals' moral sense and interests. The social dynamic realised by the division of labour is essential for the economic, social and political constitution of the modern nation state and the rule of law. Thus the politics that Smith introduces, although it illustrates the political role of economics, does not merely function according to the doctrine of "private vice public benefit" or what neoclassical economics later argued for. Rather, if Smith is read this way then we end up with a "liberal" conception of society which undermines the emphasis that Smith put on the rise of social classes related to the division of labour. Therefore his civic idea of the well-ordered society on the basis of the different role of social orders in the TMS leads him into the observation of the new class of free labourers related to the development of commercial society and industrialisation.

The politico-economic conception of a just social order is related with the division of labour which "enforces" a dubious individualistic foundation of modern politico-economic developments. It is made into a common sense principle that morality and moral consciousness, economic and political developments were very much influenced by the division of labour and trade which led into colonisation and the internationalisation of the market.

The introduction of the Scottish enlightenment and Smith to the continent was simultaneous, due to socio-political developments but also due to the intellectual links between the different "national" versions of the enlightenment. Hegel offered a critique of enlightenment thought, as well as its reconstruction on a phenomenological and political systematic level. Hegel shared with Smith the critique of the natural law tradition, property right, contract, and social contract theories, on the socio-theoretical level. In addition he made labour and the division of labour a philosophical question related to the core of modern social theory, and as a form of objectification, recognition and misrecognition in the context of modern ethical life.

For the critique of the science of natural law and therefore of political science as a historical science, Hegel offered a critique of formal and empirical science of right. In *Natural Law Essay*, that led him into an inquiry on the idea of ethical life and the actualisation of right in modern ethical life through the construction of the modern nation state (*Volk*). This early awareness of modern political-economy led to the analysis of ethical life in the *System of Ethical Life* labour and the division of labour in the Jena writings.

The study of political economy in the Jena writings was negative. Labour under the system of division of labour, system of needs and exchange appeared as a source of horror and a challenge to the "religious" idea of the community of citizens, or of the civic idea of the Republic. Nevertheless, wage labour and the division of labour were critical for the rationalisation of the labour process on the basis of individuals' tasks and led gradually to the abolition of the classic forms of slave labour. The individual's



right, activity, resources and properties were to play an important role for the foundation of the modern nation as examined in the later political writings

Hegel, like Smith, offered a re-examination of liberal contract theories and practical morality by highlighting the importance of the relations of recognition/misrecognition or "natural deception" and the dialectics of enlightenment involved. The dilemma between scepticism and moral antinomies is reconsidered in Hegel's thought in the context of his phenomenology and dialectics. Smith's systematic moral argument articulated: first, on the basis of public and social principles, second, on a critical examination of the systems of morality (TMS) and of political economy (WN). Third, it led to the negative acknowledgement of the ethical and social nature of moral or systematic conflicts or contradictions and the conflicting nature of the modern division of labour.

Early Hegel offered a negative view of modern ethical life that looked at the centrality of politico-economic relations from a phenomenological and ethical stand-point. This political economy is reflected on the institutional level in the way that civil society and the state are reconstructed in the *Philosophy of Right* as ethical moments. In that sense, although the differences between early and later writings Hegel articulated the politico-economic and moral arguments in that he offers a conceptual philosophical and historical discussion of ethical life and of modern institutions.

Hegel and Smith offer a critique and reconstruction of the formalist and historicist accounts of society, such as contract theory and the romantic organic approach of the

nation state as representing a community of customs and language, or of police state policing the division of labour. In that sense both are enlightenment thinkers and the development of their social theory conceptualised the crisis, conflicts and rise of modern social theory. Their account of enlightenment rationality acknowledges the political economy of social mediations. Therefore, more than the "naturalisation" of reason and bourgeois society, Smith and Hegel exposed the "rationalisation" and "socialisation" of what was meant by natural, human and social resources and the freedoms and unfreedoms that this process released. The naturalisation of reason as the characteristic of human nature or rather its identification with instrumental practical reason is part of the modern "myth of reason". This dialectics of enlightenment "enlightened" not only the conflictual nature of modern rationality but also of the appropriation of *social* rather than merely natural resources *as a social politico-economic relation*. That is the economy of the social aspect of the division of labour to be examined in Hegel's and Smith's systematic moral, political-economic and politico-philosophical writings.

The historical account of labour as slave labour, agricultural physiocratic, industrial, mechanical, commodified labour, became "intelligible" and reflected through the transformation of the concept of labour in relation to the different forms of the division of labour, economic, social and moral relations. Smith's work, and Hegel being his follower, underlines the importance of labour, in the transformation of society from one dominant form to another. The very role and organisation of labour as it is conceptually grasped by the division of labour reflects on the socially produced

product. Due to its social characteristics and particular forms of appropriation and exploitation, fetishism, objectification alienation and modern freedom ensue.

Hegel's account of modern ethical life analysed this complexity in a threefold form. The analysis of the contradiction of property right, contract, morality, exchange, which led him into the analysis of modern ethical life split into individual, particular universal (negative universal) and universal (positive universal) moments. This distinction reflects the subdivisions of the will in itself and for itself, of particular and general will, as realised and actualised in modern political and philosophical science. However, Hegel was very much concerned to show that his philosophy should not be read as prescription. The nature of the politics of natural law is open and that is exposed philosophically as the dialectic of will actualised in modern institutions and as the dialectic of recognition and misrecognition in the philosophy and phenomenology of spirit. It presupposes the nature of the subject matter as object reconstructed and there lies the subjectivity of its politics, i.e. in the conceptual knowledge of the social aspects and the contingency involved in the dialectics of the reproduction of right and will which at the same time is a reproduction of social and individual freedoms.

## **Part I**

### **Introduction**

The first part deals with Smith's social theory which splits into moral theory (TMS), jurisprudence (LJ) and political economy (WN). I shall reconstruct the conceptual links between these writings and I shall highlight the continuity and the discontinuity in his argument and the theoretical and practical problems that it raises. The uniting question for this endeavour is his conception of labour and the division of labour which became central for his analysis of commercial or civil society.

The first chapter examines the liberal individualistic argument of the labour theory of property offered by the contract theory of society and the conception of labour in physiocratic political economy. Then I examine the subjectivist theories of value and price characteristic of the neoclassical reading of Smith, which offers a subjectivist approach to Smith's ideas of value and price. Last, I examine the concepts of productive and unproductive labour and I offer a brief critique of Smith on the question of labour and value by using Marx's historical critiques of productive/unproductive labour and labour as the source of value. This introductory chapter focuses on a historical account of the forms of labour linked either with the property contract or with politico-economic theories of society. For Smith labour is examined in relation to the extensive division of labour and that linked the question of labour/division of labour with the rise of the modern commercial society. Reading Smith as a liberal economist implies an abstraction of his social theory and in

particular of his theory of society on the basis of the modern conception of the division of labour.

In the second chapter I offer an exposition of the modern concept of the division of labour as a politico-economic concept (Smith, Rousseau), in contrast to the accounts of the division of labour in the philosophical discussions of classic antiquity (Plato, Stoics). Two main views are contrasted: the modern concept of the division of labour based on the commodification of labour and the classical view of the division of labour as the principle of the just republic of free citizens and as source of innovation. In that sense I highlight the difference between the modern and classical conceptions of the division of labour which at the end of the day implied two different forms of societies altogether.

The third chapter deals with Smith's discussion of the different forms of the modern division of labour and its positive consequences for the increase of the wealth of the nation, but also the drawbacks and its alienating effects for the individual labourer and the class of the "labouring poor". In this chapter I also use Marx's critique of the division of labour, in contrast to Smith's moral critique, as a social critique and as a critique of the capitalist form of the division of labour based on the commodification of labour and the production of relative surplus value (see also chapter one). Thus the division of labour in its social form can be read as the "invisible hand" which takes place behind the backs of individuals. Last I examine some of the sociological arguments which dealt with the question of the division of labour as socio-theoretical question.

In the fourth chapter I examine Smith's moral theory and the "*Adam Smith Problem*" or "*pseudo-problem*", as well as the doctrine of "private vice public benefit". The aim of the chapter is to highlight the aesthetic philosophical approach that Smith offers on the basis of his system of sympathy in contrast; first, to a utilitarian view and second, to a functionalist view of society and of moral sentiments offered by Mandeville's and Hobbes's idea of society based on the power of the sovereign. The basis of this critique is articulated conceptually by an examination of Smith's system of sympathy, direct and indirect sympathy, approbation and disapprobation and the idea of the good. The theory of moral sentiments is presupposed also for Smith's political economy as a form of moderation of self-interest but also as condition of its realisation on the social level.

In the fifth chapter I deal with the virtue of justice as the primary public virtue and the moral foundation of commercial society with just exchanges. Just policies are proved to be a constitutive part of commercial society. Smith's idea of justice is supported by an argument against benevolence as being the principle of society, but also of the casuistic idea of justice which reduces the laws of justice and public welfare into police and justice into penal justice. In that sense Smith puts forward a normative, natural and politico-economic conception of justice as the presupposition of social peace, as the presupposition of the individual's well-being and the pursuit of their self-interests.

## **Chapter one**

### **1. Conceptions of labour.**

The transition from the contract theories of society to the rise of political economy was reflected in the conceptual shift from an anthropological or social contract natural law concept of labour to a "sociological" conception of labour. By the former I mean the labour theory of property as the basis of individuals' appropriation of nature. This conception of labour is not ruled out by Smith's analysis of labour in relation to the division of labour. The difference lies in that the latter analysis puts the emphasis on the appropriation of social resources produced by the combination of individuals' labours. The form of combination is the subject of the analysis of the division of labour.

Waldron (1994) has drawn the distinction between a social contract and a political anthropology. The anthropological approach, applied to the contract theory distinction between the state of nature and the contractual situation, is mainly related to the state of nature. As Waldron points out:

"to rescue Locke from the dilemma, we need to develop an account of the relation between the two stories which can explain the role of the usefulness of the contract idea notwithstanding its defects as a developmental hypothesis".<sup>1</sup>

The way he goes on to develop this relation is by an account of the relevance of history and what he calls the "historicity objection". Nevertheless, moral categories

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<sup>1</sup> Waldron (1994) p. 57.

are necessary for the study of history and Locke's argument is resourceful for the questions of political legitimacy and obligation. This reading of contractarian thought seems to reproduce the contractarian division of the political and pre-political at the expense of suspending some of the issues raised in the prepolitical state as anthropological questions. For Dunn there lies the distinction between Locke's liberalism and the "sociology" developed by the Scots, and in particular by Smith's argument.<sup>2</sup>

In that context Smith's idea of labour was not merely "anthropological". It was rather viewed historically and in relation to the physiocratic political economy which first drew the distinction between productive and unproductive labour. The particularity of Smith's political economy is that he analysed commercial society on the basis of the division of labour in manufacture but also its importance for the rise of commercial society.

The appropriation of Smith's economic analysis by the neoclassical school "misunderstood" the nature of Smith's political economy and "sociology". The neoclassical reading of Smith focused on his subjectivist theory of price, supply and demand, and highlighted the importance of the scholastic natural law tradition of its predecessors. Thus Smith was read as a liberal economist.

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<sup>2</sup> On this transition see Dunn who finds in Locke a theological argument with regard to the way he reconstructs the political sphere and the constitution of the political, discusses the turn which is made by Smith and the Scottish enlightenment towards sociology and compares Hume, Smith and Locke. Practical reason in Smith and Hume subordinated practical human reason to the contingencies of sociology, seeing history as a real causal process, but value for human beings was endangered in this process. Locke in contrast chose to devote his intellectual energies to shoring up human practical reason against the contingencies of sociology. Epistemologically the theocentric framework of Locke's thought was precisely to uphold human practical reason *against* the contingencies of sociology (Dunn (1983) p. 122).



The "production theories" critical of this approach developed their argument in contrast to the subjectivist theories by underlining the labour theory of value and of production in Smith, related to his institutionalist analysis of labour in the context of the division of labour. The drawback of the latter theories is that they lose sight of how a subjectivist theory can be endorsed by a "sociological" reading of Smith.

Last, I examine Marx's critical view of productive and unproductive labour, and of the division of labour in a society differentiated by the division of labour as the form of production of relative surplus value. Marx's critique of the division of labour was used as a moral and social critique of the particular form of the division of labour.

## **2. From the labour theory of property to the labour theory of value.**

The labour theory of property is rooted in the classical liberal natural law and contract theories. According to the classic Lockean labour theory of property, the individual has the right to appropriate the fruits of one's labour.<sup>3</sup> Thus labour is the basis of a simple idea of property and the foundation of the recognition of one's right to appropriate nature. This idea of property mainly implies the relation between the individual and free goods, i.e., the appropriation of natural resources through human

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<sup>3</sup> The theory of natural rights, i.e. the right to appropriate free natural goods, has been used in some of the recent debates and by the neo-libertarian arguments such as Nozick's which claim to draw from the Lockean liberal tradition of natural law. In this discussion the argument of the appropriation of nature is inverted to the extent that individual resources become the object of social appropriation or the appropriation of one's resources is socially mediated. See Waldron (1994) on the recent appropriation of the Lockean argument.

effort and toil. The natural law tradition is rooted in the writings of Grotius and Pufendorf, and was first challenged implicitly by the contract theories' distinction between the pre-social and social state of man. The very nature of commercial society is based on a common agreement to abandon the state of nature for rational (Hobbes) or "historically inevitable" reasons (Rousseau).

For Locke labour on something is the basis for the justification for somebody's property right in what is transformed by his/her labour, but also the right of property is extended to the property of one's person.<sup>4</sup> Further, property in the fruits of one's own labour is the most sacred and inviolable right, and the basis for the justification of property. Nevertheless, his idea of labour mainly refers to a society based on agricultural production as the appropriation of natural resources and, as McNally points out, Locke returns repeatedly to the argument that landholders need protection from the state.<sup>5</sup> Locke's mercantilistic economics are based on what McNally calls the "agrarian capitalism" whose central figure was that of rent, landlords and individual producers depended upon them.<sup>6</sup>

"Though the Earth, and all inferior Creatures be common to all Men, yet every Man has a Property in his own Person. This no Body has any Right to but himself. The Labour of his Body, and the Work of his Hands, we may say, is properly his".<sup>7</sup>

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<sup>4</sup> Locke John (1988) pp. 296-98

<sup>5</sup> According to Hasbach the physiocrats borrowed the doctrine of the labour theory of value from Locke (Hasbach (1897) p. 690). Also the labour theory of property that Smith refers to in the Lectures has its roots in Grotius's natural Jurisprudence. I shall offer a more extensive account on that issue in chapter V.

<sup>6</sup> McNally (1988) pp. 58, 92.

<sup>7</sup> Locke (1988) pp. 305-6.

Rousseau held that the nature of the origin of property is labour, despite the fact that on that basis is not possible to explain the extensive inequality of property in modern society.<sup>8</sup> Accumulation of wealth and surplus meant the transition from a subsistence economy to an economy of productive development. The latter is the one that produces for accumulation rather than merely for immediate consumption and subsistence. The latter form of society is what he calls civil society. For Smith of the LJ and WN the decisive criterion to differentiate between rude and civilised forms of society is the degree of development of the division of labour. But that led him to modify the concept of labour in relation to the division of labour.

Smith's theory of labour in the WN endorsed the natural law tradition in a double sense; first, he examined labour in general from the view-point of labour being the source of value as effort and toil. Second, the "simple" idea of labour is viewed in relation to the analysis of the modern division of labour. The division of labour is the source of the productive powers of the wealth of the modern nation-state.

Smith's labour theory of value, i.e. labour as the source of value, assumes this natural law discussion based on the rights to property, which was the subject of a more extensive discussion in his *Lectures* given in 1762-63. In the WN Smith argues that the property every man has in his own labour is the original foundation of all other property (WN I, p. 136). But the individualist right of property, as the natural right of a persons is not the real core of Smith's natural law argument.<sup>9</sup> This natural law

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<sup>8</sup> Rousseau (1990) p. 94.

<sup>9</sup> Hume also underlined that

"Every person ought to enjoy the fruits of his labour, in full possession of all necessities, and many of the conveniences of life. ... Add to this, that where the riches are in few hands, these must enjoy all the power, and will readily conspire to lay the whole burden on the poor, and oppress them still further, to the discouragement of all industry" (Hume (1975) pp. 271-2).

argument is typical of enlightenment thought and is of particular historical interest: first, because it supported individual's right versus given social and property inequalities, and second, because it argued in favour of the abolition of slavery since all humans are born free with the same natural rights (LJ (B) p. 455). What was important for the development of the division of labour was labour as "free labour" of the individual labour which was sold and produced for others.

In societies with a developed division of labour the question of labour is viewed in its complex social basis, which presupposes accumulated stock, generalised relations of interdependence and exchanges and free labour. The concept of labour as dealt with in contract and natural law theory, but also in physiocratic thought, is different from the examination of labour in the context of political economy with a developed division of labour. The difference lies in that the latter highlights the relation between labour and the division of labour as a social relation.

### **3. Contract theory and the rise of political economy.**

The liberal individualistic orientation of natural law theory articulated how it is possible to justify property rights in the context of the pre-contractual state of nature and contractual theory of a society of property owners. Thus the individualistic labour theory of value in Locke's thought is presupposed to comprehend conceptually the property relations on which contract relations were based. Therefore, a simple theory of labour is the basis for property right and citizenship.

Smith, on the other hand, dealing with the complexities of modern commercial societies, introduces a theory of "minimum contract" as the labour "contract". His argument lies in the analysis of the diversity of interests and their combination under the system of division of labour and exchange rather than on contractual consensus.

On the level of exchange relations self-interested individuals, by pursuing their particular interests, contribute to the general good and also to the realisation of a natural concept of justice arising out of the competition among self-interested individuals. The second form of "contract" in Smith's thought appears on the level of public deliberations and on the labour contract as the conflict over the minimum wage. On that level the conflict of interests and natural deception seem to give rise to an idea of the general good (WN B I, ch VIII, pp. 74-6).

According to Smith contractual agreement does not take into account that this deal may be more advantageous to the masters, since the relation between the opposed parties is subject to the use of force. However, contractual agreement over the level of wages cannot lead to the reduction of the wages below a certain rate approaching the limit of subsistence for the workman and his family. Thus, if the masters wish to maintain their advantage they have to keep the wages within a certain limit which permits the subsistence of the workers (WN B I, p. 76). In other words the inequality of power among contractual parties had to secure the reproduction of labour as well as reproduction of the interests of masters in it.

In the same way the examination of the movement of the wages of labour according to the laws of the market and market regulation of wages is viewed on an ethical basis. Smith was confident that "the liberal reward of labour" would increase the industry of the common people, favouring the general increase of the wealth of the nation that will keep the level of wages on the appropriate levels (WN I, p. 91). Although Smith is in favour of free exchanges in the market he also highlighted that a

"flourishing and happy society cannot have the greater part of its population in poverty". Social interdependence and the need for the reproduction of labour led Smith to an idea of a natural and ethical conception of justice, which is the best guarantee of social order as just order.

In that respect the rise of political economy, as opposed to what Hume calls the contract theory "fiction", posits explicitly the fundamental complexity of political, ethical and economic interests informed by the conflicts in modern society. The analysis of the division of labour was the key for holding and reproducing in the most profitable way diverse social interests. However, as he did point out in the *Lectures*, the opulence which arises from the division of labour has to overcome a number of obstacles which I shall examine in detail in chapter three when dealing with his critique of the division of labour (LJ (B) pp. 497-451). For now I shall examine how Smith's liberal argument was aiming at a critique of mercantilism as the main political obstacle to his idea of perfect liberty.

Smith argues that the fluctuation of wage, profit, labour and the stock system tends to a "perfect liberty", following the natural course of things. This "system of perfect liberty" presupposes that every person is perfectly free to choose according to one's own interest (WN B I, p. 111). Perfect liberty is not merely an *ought* or an unmovable law but it is conditioned, i.e. it "would" be achieved if a number of conditions were fulfilled.

These conditions were identified as policies which favoured particular interests and privilege traditional types of associations. However the history of mercantilism is long. What Smith meant by the mercantilist or commercial system was more than a "system of political economy", a type of commercial and money policies partial to particular interests they were serving. Viewing Smith's argument in its historical context it reflects a transitional period from the feudal form of organisation to the

modern form of government and the construction of economic and political interests. Basic principles of these policies were that wealth consisted in accumulated metals and circulating money within the nation state (WN B IV, p. 462). Money as an instrument of commerce and measure of value was also the measure of wealth in the context of the nation state. Thus the accumulation of metals and the restriction on exporting them abroad was the source of the wealth within the scope of the nation state. The intervention of the state for the application of these policies resulted in the creation of monopolies in the home or foreign markets and obstructed the natural distribution of stock and labour.

Smith attacked the main principle of mercantilism by saying that "wealth does not consist in money or metals but on what money purchases, and is valuable only for purchasing" (WN B IV, p. 458, B I, p. 35). Money was only an instrument of commerce and exchange, and its value was mainly its exchange value to purchase goods and labour (WN B I, ch XI, pp. 275-6). The latter is the well known "labour command" argument. What, according to Smith, increased the real wealth and revenue of the state as a whole but also of individuals, was the productive powers of land and labour.<sup>10</sup> The extension of the market, division of labour and trade was the source for improving the productive powers of a nation and that was the source of wealth according to Smith. Moreover, the employment of labour and division of labour was analogous to the accumulated capital not in metals but as commercial manufacture and agricultural capital (WN B IV, p. 475).

The mercantilists, since the accumulation of capital was mainly focused on circulating capital, orientated their policies towards coinage from the state and the monetary

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<sup>10</sup> Furniss examines the mercantilist theories in the way they dealt not merely with the balance of trade and monetary policies, but also with the position of the labourer in the system of nationalism and of the social value of labour as "movable riches" (p. 19). He points out that it was commonly accepted that part of the national wealth was labour and the ways that it was used. The aspect of the mercantilist policies which had as a key issue the labour doctrine as the source of national wealth was left out by most literature on mercantilism (Furniss (1920) p. 5).

policies regarding the amount of money circulating in the home market. A substantial part of their policies was concerned with the balance of trade and imports and exports of metals and money. This intervention was by means of taxing and keeping control of the balance of trade with regard to certain commodities but also by keeping the balance of exports and imports. Thus exports were encouraged as opposed to the imports, but not the export of metals and money.

This sort of interventionist policies in the home market resulted in monopolies following the feudal tradition of limitations on trade. However, the new form of interventionism was more part of the policies of the nation state which implied the opening of the market from the level of the feud to that of the nation state. Thus the monopoly of government to cut money meant the overlapping of political and economic power by the kings. The direct intervention in the market by the policies as regards metals and circulating capital but also by taxation on foreign trade had as "its ultimate object ... to enrich the country by an advantageous balance of trade" (WN B IV, p. 159).

In the home market monopolies and privileges were more common than in the foreign market. In other words, corporations, vestiges of the guild system, acquired rights of trading as monopolies by being taxed by the sovereign political power. The classes of merchants were privileged in these deals compared to the farmers (WN B IV, p. 484). According to Smith, monopolies and the direct intervention in the market based on the feudal forms of control restrained the development of the productive powers of labour and land (WN B IV, p. 123). The commercial or mercantilistic system had benefited more the traders and the manufacturers and not so much the interests of the consumers (WN B IV, p. 179).

That was the cornerstone of Smith's double critique of the commercial policies, endorsed by the mercantilists. First he was critical of the particular class interests and



also the basis of the critique of the traditional type of associations and monopoly of rights protected by political intervention. This form of the state, although it drew its revenue from economic activities, redistributed services and rights in such a way that thwarted a just redistribution of advantages through market forces.<sup>11</sup>

Smith endorsed the Rousseauian distinction of the general from particular interests in the form that in a class society the social representation of particular class interests is important for the legislation of laws in the spirit of the general interest. Smith observed that the general interest seems to be exploited by the legislation concerning public policies and commerce. To avoid partiality in the representation of any of the social orders, and hence from the laws legislated by the public deliberation, he employed the idea of public interest which was closer to the interests of the productive classes associated with the development of manufacture. Therefore Smith highlights the fact that the order that lives from the wages of labour, although its interest is strictly connected with the prosperity of society, is incapable of comprehending its interest or understand its connection to the general social interest. The reason is to be found in the conditions in which the labourers live, and which make their power less regarded in the public deliberations (WN B I, pp. 277-8). He is very sceptical about the interest represented by the orders which live from the profits of stock, because their profit increases in periods of decline or narrow competition, which he regarded as being in opposition to an idea of the general good which seem to be in favour of liberalisation and against the monopoly of economic and political power.

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<sup>11</sup> According to Fine

"the strength of Smith's work as a whole was that he did not simply look to effect of the state intervention on commerce but also reversed the question to examine the determination of the state and its laws by commercial society" (Fine (1984) p. 46).

This approach of the modern state offered a critique of the contractarian theories of the state;

"he no longer based the state on the abstract consent of the people ... but he indentifies it with the equally abstract idea of the natural sentiments of the people." In other words by developing also a moral theory.

Thus the problem in the "*natural course of things*" with regard to social matters seems to originate: first, in the conflict among politico-economic interests and second, the way they are represented by the interventionist policies legislated and applied as did happen in Europe of the seventeenth and eighteenth centuries. The characteristic of these policies was that they restricted competition<sup>12</sup> by supporting monopolies and offered privileges to corporations. The paradox was that, though regulation was confirmed by the public law of the kingdom, it was evidently directed by the corporative spirit (WN B I, p. 133). Also in the case that "the legislature attempts to regulate the differences between masters and their workmen, its counsellors are always masters . . . . If it (the law) dealt impartially, it would treat the masters in the same manner" as the workmen's associations. But this is not always the case (WN B I, p. 159).<sup>13</sup>

Smith's analysis of the political economy of commercial society offers a systematic explanation of the mercantilistic arguments by offering his idea of the system of perfect liberty supported by the development of the division of labour and just exchanges. In that sense, his work offers a critique; first, of the systems of political economy and their main principles on a conceptual level, second, of the contractarian views of social, political and economic relations, as the way of combining interests and third, a historical critique of the concrete policies of commercial society.

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<sup>12</sup> Smith says that competition increases with the tendency to go beyond what it naturally could be, because of the interventionist policy in Europe, which provides privileges and creates the unequal conditions for competition (WN I, p. 145). The idea of competition is thus introduced in a moderated degree.

<sup>13</sup> This remark is not opposed to the views of *The Theory of Moral Sentiments*. Smith argues in favour of the modern public institutions and the modern state. Therefore, he is critical of the situation in which some particular orders have the advantage of the government's institutions (TMS p. 341).

#### **4. The debate on value and price.**

The debate on Smith's theory of value and price is conflicting. Smith's work on the analysis of modern commercial society gave rise to different schools of thought which all somehow claim to derive from Smith's economic or politico-economic thought. In the context of the neo-classical school and its critique, the questions were focused on whether Smith has a subjectivist theory of utility and demand. The Hollander (1975)-Douglas (1928) debate seems to be representative of the conflicting views that claim to arise from Smith's analysis. The former argues that there is in Smith a subjective theory of utility and the latter that there is a rejection of the theory of utility and thus instead there is in Smith a moral argument on value.<sup>14</sup>

According to Hollander, the determination of price, as measure of value, arises within the equilibrium theory and Smith's idea of the market as the self-regulating mechanism. This self-regulation is possible on the basis of a simple model of supply and demand which promised to achieve perfect liberty.<sup>15</sup> The determination of prices in Smith is crucial because he is the first to employ the natural law theories and physiocratic political economy in favour of the system of perfect liberty in the context of a modern market without monopolies. The root of this argument is to be found in the natural law tradition and it has been popular among liberal economists, who have pointed out that Smith had little faith in "political arithmetics".<sup>16</sup> But then how can that model work in the context of the exchanges of commodities and exchange value? Smith mainly focuses on values rather than utility, and in particular on exchange value.<sup>17</sup>

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<sup>14</sup> Douglas (1928).

<sup>15</sup> Hollander (1973) p. 22.

<sup>16</sup> Hollander (1982) p. 14.

<sup>17</sup> Hutchison (1978) p. 11.

Hutchison (1978) characterised as a revolution Smith's shift from the scholastic natural law tradition, i.e. Hutcheson, Pufendorf, and Carmichael.<sup>18</sup> These natural law arguments dealt with questions such as scarcity and the question of subjective utility which for Smith could be resolved to a certain extent by the development of the division of labour. In the WN Smith turned away from scarcity and utility as a source of value toward a labour value theory and an examination of the conditions of production in the WN.<sup>19</sup> Nevertheless, Smith was concerned with the way that prices were determined. The need to measure price is part of his historical analysis of money relations in the LJ which in the WN is preceded by the analysis of money. In the LJ Smith linked value to the ideas of plenty and scarcity, a view which influenced Malthus, Jevons and Marshall (Manchester school).<sup>20</sup>

Bowley (1973) argues that Smith follows Pufendorf in his analysis of natural price in terms of the supply price. The nature of the natural price and its relationship with market price is the problem that Adam Smith recognises as needing to be resolved, but also it has been a source of contradictions in his thought.

"Dearness and scarcity are in effect the same thing. ... So far, therefore, as goods are a conveniency to the society, the society lives less happy when only the few can possess them. Whatever therefore keeps goods above their natural price for the permanency, diminishes a nation's opulence."<sup>21</sup>

In this way Bowley finds in Smith an "analytical tool" for his critique of restrictive policies. These policies work to prevent the natural allocation of resources and prevent goods being supplied at the lowest price which would ensure the maintenance of their supply, i.e. the natural price. Pufendorf described market price as the natural common, or legal price according to the circumstances in the market, and Smith's natural price was the same as Pufendorf's. Following the scholastic tradition the legal

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<sup>18</sup> Hutchison (1978) p. 13.

<sup>19</sup> Robertson and Taylor (1957) p. 181, Bowley (1963), Meek (1973b) cited by Brewer (1987) p. 9

<sup>20</sup> Bowley (1973) p. 115.

<sup>21</sup> Bowley (1973) p. 108.

or natural price should just suffice to cover the proper expenses of producing and maintaining the supply of the commodity to the market. Where the price was not regulated by law, he implies that the natural price should, or would, approximate to the level which allows the supply of the commodity in the market.<sup>22</sup>

In the LJ, from where most of the economist's readings seem to arise, it has been argued Smith has no trace of the labour theory of value, while labour as a measure of value is mentioned only in passing after a lengthy discussion of the way in which money evolved as a measure of value and medium of exchange - a discussion which included consideration of why the value of money itself varied. Although for Smith the introduction of money contributed to the natural opulence, opulence and wealth does not consist in money, as I have shown by his critique of the mercantilism.

In the WN Book I ch V Smith offers a discussion of the differences between real and money prices and of the problem of measuring value. However, the problem of measuring value on the basis of the labour theory of value led him to his idea of the natural price. As O'Brien argued:

"The interpretation reverses the very common view that Smith's theory of natural price was as it were, a sound string in his analysis introduced because he found himself unable to develop a labour-input theory of value for an advanced society."<sup>23</sup>

O' Brien argued that the subjective theory of value inherited by the natural law discussions was not merely substituted with a cost of production theory.<sup>24</sup>

Meek analysed the cost of production of commodities in Smith as the basis to measure value and thus to develop a labour theory of value drawing upon natural law thought. The classic labour theory of value is based on the idea of the individual producer's social labour. The simple abstraction that Smith starts with is that the exchange of commodities is in its essence exchange of social labour. Smith's theory of

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<sup>22</sup> Bowley (1973) p. 108.

<sup>23</sup> Dennis O'Brien (1975)

<sup>24</sup> Dennis O'Brien (1975)

value seemed to be located on his Lockean natural law assumption that the real measure of value is labour.<sup>25</sup> Smith for Meek has very little to do with theories that approach the problem from the side of demand (neoclassical subjectivist approach). The critique of the subjectivist view by Meek tends to over emphasise that demand and utility has nothing to do with the determination of exchange value.<sup>26</sup> Therefore for Meek Smith's theory is a cost of production theory that could calculate the cost of commodities also in terms of money.

However, according to Meek, Smith seems to accept that the extension of the social division of labour under modern conditions necessarily implied that the market was taking over several economic functions that had formerly been performed by other institutions.<sup>27</sup> As regards the relation between natural and market price, their relation is to be found in the market mechanism (supply and demand).<sup>28</sup> Nevertheless, the question of value in generalised exchanges focused on exchange value.

Myrdal in his account of the question of value emphasises its Aristotelian roots where value consists in two layers: "The outer and visible layer is the theory of exchange value, and beneath there is a theory of real value". Smith follows this tradition and distinguishes between value in use and exchange value, in the same way that Marx and Ricardo did, Smith defines value primarily as exchange value. In their theory, exchange value can only be understood in relation to their real theory of value where labour is the measure of value.<sup>29</sup> However, labour as a particular form of relation is examined in relation to different forms of societies.

The inconsistency of Smith's argument on the determination of real value (on the basis of labour embodied) and market price, on the basis of his model of supply and

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<sup>25</sup> Meek (1973) p. 64.

<sup>26</sup> Hutchison (1978) p. 15.

<sup>27</sup> Meek (1973) p. 48.

<sup>28</sup> Ibid., p. 50.

<sup>29</sup> Ibid., pp. 61-2.

demand, gave rise not only to the neoclassical school, but also to the Ricardian and Marxist labour theory of value and exploitation. The question of measuring value became more urgent than ever and Smith's account resulted in the dualism of price which could not be resolved analytically or economically. This duality is based on the causes that change value and the search for invariable measures of value. Each of these paths led Smith to a particular conception of labour value or of labour as the basis of value. Smith's importance lies not in that he offered a rigorous theory of prices, instead his contribution lies in that he offered an analysis of the new social forms that effected the comprehension of the particular social and economic phenomena but also the way of dealing with labour theory of value in a society with commodified labour and extensive division of labour.<sup>30</sup>

### **5. Smith and labour theory of value.**

As the examination of the debate on labour theory has shown, there are diverse views on whether Smith has a labour theory of value. In the WN the analysis of the division of labour is followed by a historical inquiry into the origin and use of money. The importance of money as measure of value and instrument of trade led to the discussion of relative or exchange value of goods. There Smith distinguished between use and exchange value and underlines the importance of labour in measuring values.

The first conception of the labour theory of value refers to "the utility of some particular object and sometimes the power of purchasing other goods which the possession of that object conveys" (WN B I, p. 32).

The second conception refers to labour as being the real measure of exchange and "the quantity that somebody can command, or which he can afford to purchase" and is

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<sup>30</sup> Rubin (1926) p. 188.

the criterion of wealth (WN B I, p. 34). A similar approach is used for the definition of real value of price. "The real value of all the different component parts of price, it must be observed, is measured by the quantity of labour of which they can, each of them, purchase and command" (WN B I, p. 56). The latter is known as the "labour commanded" argument and is used versus the Hobbesian approach that money is the expression of wealth and that wealth is power. Instead Smith argues that the basis of power and wealth is the power to purchase and command labour, or over all the power to purchase and command the products in the market (WN B I, p. 35). The quantity of labour employed is related to the development of the productive powers of land and labour and thus the degree of the development of division of labour.

Third, Smith has a simple conception of labour as the labour needed to produce a particular product in different forms of societies.<sup>31</sup> The labour needed is dealt with as the real cost, i.e. as the trouble and toil consumed for the production of a particular product. This conception is the invariable measure of values (WN B I, pp. 37, 41, 53)<sup>32</sup>

Fourth, is the determination of real and market price on the basis of supply and demand (WN B I, ch VII). This is an essential component for the achievement of perfect liberty.<sup>33</sup> For feudal society the determination of price was the subject of the

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<sup>31</sup> The abstract character of labour is to be shown by the way that use value is dealt with: "Equal quantities of labour at all times and places may be said to be of equal value to the labourer ... he must always lay down the same portion of his ease, his liberty, and his happiness". The two kinds of value do not have a fixed relation to each other; and the one cannot be the measure of the other (Bonar 1967).

<sup>32</sup> In Smith's words:

"Labour alone, therefore, never varying in its own value, is alone the ultimate and real standard by which the value of all commodities can at all times and places be estimated and compared. It is their real price; money is their nominal price only" (WN B I p. 37) and then

"Labour, therefore, it appears evidently, is the only universal, as well as the only accurate measure of value, or the only standard by which we can compare the values of different commodities as all times and at all places" (WN B I, p. 41).

In the same lines he argues when comparing the rude state of society, which precedes the accumulation of stock and the appropriation of land (WN B I, p. 53).

<sup>33</sup> Smith's system of perfect liberty is distinct from both the commercial mercantilistic, and from the physiocrats' system of *laissez faire*. For the critique of both systems see WN B IV.



political will of the head of the feud.<sup>34</sup> Instead, in the commercial society based on the division of labour, the determination of price of commodities and wages was more complex. In a way it was based on the particular developments of the modern extended markets and division of labour and the more complex forms of production. In his early account in the LJ Smith first deals with the way the regulation of prices was done in the extended market, but also in relation to political regulation (LJ pp. 338, 343, 345, 350).

Fifth, value is the cost of production, which splits into wage, profit, and rent: "the adding-up theory of value". Thus the price of every commodity corresponds to the three sources of revenue; wages, profit and rent. The value of labour is represented by wages as the nominal price of the commodity labour (WN B I, ch VI). The wages of labour, as the particular commodity to be sold in the market, depended on the price of the means of subsistence for its reproduction and the increase of the demand for labour in the early stage of manufacture. The price of goods produced in manufacture fell by the increase of productivity under the new forms of organisation of labour and the form of production based on manufacture. It also depended on the price of corn as the means of subsistence for the labourers but also in general for the whole society (LJ (A) p. 359).

Sixth, exchange value as the price of the commodity which is determined in relation to the gold standard (WN B I, ch V, pp. 45-7, 51-52). This implied the political intervention of the state in determining the quantity of money and circulating values in the market. In other words the very possibility of commodity exchanges in societies with developed division of labour implied the new politico-economic role of political and economic power.

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<sup>34</sup> According to Cantillon, in a well-ordered society the market price of commodities does not deviate much from their intrinsic value. It may be the case that in years of abundance the city magistrates fix the market price of many things. Cited by Meek (1973) ch X.

The division of labour has been dealt with only negatively as the necessary technical factor for the increase of productivity for the economist's reading of Smith or, as put by Smith, in relation to the natural propensity for barter and exchange. Thus the liberal arguments focus on the analysis of the mechanism of the market and the need for the invariable standard to measure values which were rooted in the subjectivist theory of value. The idea of the division of labour, public goods, and institutions appear as externalities in the field of neoclassical economics and that passed to sociology.<sup>35</sup> In other words they underlined that the question of value in Smith's thought leads to his theory of ethics and of society. The social costs of economic growth are to be viewed from the standpoint of the critique of the results of the division of labour in book V of the WN as a moral critique.<sup>36</sup>

The question of value in Smith's political economy lies in his very theory of society, as conceptualised on the basis of the analysis of modern economic relations on the basis of the division of labour.

#### **6. Productive and unproductive labour: a historical view.**

The distinction between productive and unproductive labour was not "invented" by Smith but was used first by the physiocrats and then was criticised by Smith. The general definition that Smith offers is that productive labour is the one that "adds to the value of the subject upon which it is bestowed: and there is another which has no such effect" (WN B II, ch III, p. 351). Productive labour adds value to what it works on so that the resulting product is more valuable than the sum of labour and the materials. Unproductive labour is production of services and production for direct consumption rather than of durable commodities. Thus it does not add value and

<sup>35</sup> Clarke (1991), Small (1907), Reisman (1976). See Chapter III of this thesis.

<sup>36</sup> Ioannidou Dissertation (1991) Ch I 1.1, 1.2, Skinner (1995) pp. 174-9, Winch (1978), Macfie (1967) p. 17.

such labour is the labour of servants, professors, and military personnel. Another criterion is the production of durable goods, in other words, for accumulation rather than for direct consumption.

For the physiocrats labour is mainly examined as agricultural labour in its concrete form and in a context of a restricted division of labour in the limits of the feud. Labour for the physiocrats is perceived as concrete labour applied for the cultivation and appropriation of the natural resources of the land. The intrinsic value of the products is labour on land, mainly agricultural labour.<sup>37</sup> According to Cantillon, labour is considered to be "the form and land the material to which the productive activity of labour is applied".<sup>38</sup>

The division into classes is connected with the way these groups of people earn their living. All the inhabitants derive their subsistence and their benefits from the land which is not owned by them. Their dependence on the land explains their dependence on the proprietors of the land. The property relation to the land had a political significance with regard to the share of political power in agriculture-based economies.

The maintenance of society depends on the existence of the political order. Political economy here is not the branch of the science of the legislator but the branch which deals with the population. In the naturally ordered society people are bound up together and that is what enables them to increase the goods the population, etc. For

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<sup>37</sup> For Cantillon the inhabitants of a state derive their subsistence and their benefits from the property of the proprietors of land, and are dependent on them. It is important to highlight that the relation of dependence or independence is considered in relation to the possession of land or capital. The proprietors of land derive their subsistence and their wealth from land. The proprietors of land are naturally independent in a state. All the other orders are dependent, i.e., entrepreneur, people on wages (Cited by Meek (1973) p. 20-1). A more critical view on relations of dependence in agricultural society is expressed as follows:

"It is the need and necessity which enables farmers and artisans of all kinds ... to work and be employed in the state. All these working people not only serve the prince and the proprietors, but also reciprocal, serve of one another" (Ibid., p. 16).

<sup>38</sup> Ibid., p. 16

Mirabeau and Quesnay what characterises the natural order is the way people live together and satisfy their needs and desires with the least possible toil and trouble. According to the different ways this question of subsistence arises, the different forms of societies are described.

The discussion of productive and unproductive labour reflects the separation of town and country and thus the interests of the town identified with that of the manufacturers, merchants and, in most cases, with the centralised political power. These developments in the cities resulted in the expansion of unproductive classes and were opposed to the interests of the country; farmers, landowners and agricultural labour. These developments also had great influence on agricultural production in the following way: first, agricultural production offered raw material as the basis for the development of manufacture and commerce between country and towns. Second, the law of inheritance avoided the subdivision of land and thus the property of land was the inherited right of one man. That implied that the concentration of the property of land in one person left the others propertyless and thus free labour was used for the development of manufacture. Third, the development of towns opened up new markets and increased commerce.

Although Smith seems to agree with the physiocrats that agriculture was in the first place discouraged due to the mercantilistic policies followed by the central government which favoured the development of the cities, of commerce and manufactures, he points out that their division between productive and unproductive classes was too narrow. Due to the new developments in manufacture and then in agriculture the conception of productive labour but also of productive classes was to be redefined. Thus the physiocratic conception of productive labour and classes as the ones which were applied for the appropriation of the natural resources of land was to be viewed under a different light. In book III of the WN Smith offers a positive historical account of how the increase of the role of cities and commerce was

important for the development of trade between land and cities but also for the development of agriculture on a modern basis.

Mirabeau and Quesnay underlined the role of the civil law as the rule for the allocation of resources and subsistence. They argue against the illusory and self-evident basis of the modern legislator, who embarks upon the destruction of all differences in customs and morals. Thus, natural law is the stand-point from which they are critical of the arbitrariness, violence and corruption of the princes and the relations in the traditional political sphere.<sup>39</sup>

The doctrine that land and nature were the source of wealth or what produces new values as surplus value was to be re-examined by Smith. Their idea of surplus, although distinguished from commercial profit made by the exchange of commodities, was too narrowly limited to the use of natural resources such as land and agricultural labour. Therefore, productive labour was only the gift of nature, or the work applied to the land and productive classes the farmers, and agricultural labourers.<sup>40</sup>

Smith's examination of the question of productive and unproductive labour set the problem of labour on the basis of the developed division of labour. Thus productive labour is labour which produces durable goods which presupposed but also led to the accumulation of goods and knowledge, and this is the labour used in manufacture and organised on the basis of the modern form of the division of labour. In that sense Smith's idea of productive labour is not merely based on whether labour produces exchangeable values to be sold in the market but also of the labour commanded under the particular form of organisation of the division of labour. The whole of the exchangeable values produced is taken as the measure of the values of commodities and also as the annual revenue in society. For Smith, productive labour, more than

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<sup>39</sup> *Ibid.*, p. 105.

<sup>40</sup> Marx (1988) V I, p. 285

producing a surplus, is that labour that contributes to the accumulation of stock. This approach is what distinguishes Smith's conception of productive labour from the physiocratic concept but also Marx's concept of the production of absolute and relative surplus values of the TSV and *Capital*.

According to Marx's evaluation of both Smith's and the physiocrats' arguments, the former removed the naturalistic shell from the conception of labour. He showed that what is to be defined as productive or unproductive labour is generally a social matter in what use-value manifests itself, i.e. where and how it is applied productively. The main difference Smith's analysis brought out, in comparison to the physiocrats, is his examination of labour as such.<sup>41</sup> Labour for the physiocrats is a definite kind of concrete labour, i.e. agricultural labour that creates surplus value. What they basically examine is the use value of the concrete labour, not the labour time which is the general social labour.<sup>42</sup> The final product produced, is socially determined by the time spent for its production, presupposes and embodies all these techniques or factors which at a certain historical point are used for the production of a particular product. Marx highlights the importance of this development, because capitalist production rests in general on labour capacity. This labour capacity is bought as a commodity from the workers and is maintained in the form of capital and exists independently of the workers. The homogenisation of labour capacity is what he calls labour power, which is a commodity in capitalist society.

In the TSV Marx examined Smith's definitions of productive labour, pointing out their double side and thus their antinomical nature. For Smith productive labour is the wage labour which results in the accumulation of stock and the wealth of the nation. For Marx it is the labour that produces surplus value and therefore capital.

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<sup>41</sup> Marx (1973) *Grundrisse* Introd. 1857.

<sup>42</sup> Marx GW V, 30, p. 391.

"The mere existence of the class of capitalist and also of capital, depends on the productivity of labour: not however on its absolute, but on its relative productivity"<sup>43</sup> Marx's conception of surplus value is distinguished from earlier accounts in that he highlighted that: "Surplus value is wrongly conceived, because they have wrong the idea of value and reduce it to the use value of labour, not to labour time, social homogeneous labour".<sup>44</sup>

"These definitions are therefore not derived from the material characteristics of labour ... but from a definite social form. The social relations of production, within which the labour is realized ... etc. ".<sup>45</sup> It is a determination of labour which is derived not from its content or its result, but from its particular social form.<sup>46</sup> The material determination of labour, and therefore of its product, in itself has nothing to do with this distinction between productive and unproductive labour<sup>47</sup>

For Marx, the most important aspect for the capitalist form of production is that it produces commodities on the basis of the commodification of labour.

"A commodity - as distinguished from labour capacity itself - is a material thing confronting man, a thing of a certain utility for him, in which a definite quantity of labour is fixed or materialised. Therefore, productive labour produces commodities".<sup>48</sup> The concept of commodity however implies that labour embodies, materialises, realises itself in its product.<sup>49</sup>

The materialization of labour must not be understood *as it appears in the form* of the thing. The commodity appears as past objectified labour as a form of labour capacity; but never as living labour itself. When Marx deals with commodities as presupposing

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<sup>43</sup> Ibid., V 31, p. 8.

<sup>44</sup> Ibid., p 9. More on the question of productive unproductive labour in Smith Mandeville see *ibid* p. 31.

<sup>45</sup> Ibid., p. 13.

<sup>46</sup> Ibid., p. 14.

<sup>47</sup> Ibid., p. 15.

<sup>48</sup> Ibid., p. 19.

<sup>49</sup> Ibid., p. 26.

the materialization of labour - in the sense of exchange value - this itself is only an imaginary, that is to say, a purely social mode of existence of the commodity which has nothing to do with its corporeal reality; it is conceived as a definite quantity of social labour or of money.<sup>50</sup> The question of productive and unproductive labour involves the question of value.<sup>51</sup> This analysis is offered in its most complete form in *Capital*.

For TSV the question of productive and unproductive labour is related to the distinction of productive and unproductive classes and their relation to the state. Marx finds that bourgeois thinkers were critical of the state from that point of view.<sup>52</sup> Petty made the connection between the different types of labour arising from unproductive luxury and the modern form of the division of labour. This idea is also to be found in Smith and Ricardo.<sup>53</sup>

Therefore, Marx's critique of the distinction of productive and unproductive labour focuses on whether labour produces not merely exchange value but also surplus value, i.e. capital as the condition of the reproduction not only of labour power but also of capital-in-general in capitalist society. Here lies the difference between classical political economy and the critique of the political economy by Marx. For the former the relation of production and reproduction refers to the accumulation of stock on the basis of manufacturing production and the commercial society. For the latter there is a transition from manufacturing production to large scale industry and production on the basis of the production of surplus value.

In *Capital* the analysis of the different forms of the division of labour is used for the analysis of the increased productivity of labour and thus the production of relative

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<sup>50</sup> Ibid., pp. 26-7.

<sup>51</sup> Ibid., p. 29.

<sup>52</sup> Ibid., p. 30.

<sup>53</sup> Ibid., p. 34.



surplus value. Thus productive labour is not merely the wage-labour that produces surplus value but this form of labour power which produces under the different forms of division of labour. Although unproductive labour does not produce surplus value and exchange values directly it has been expanding in modern capitalist societies and tends to be a substantial part presupposed to directly productive labour. At the end of the day the division between productive and unproductive labour is an open question and is to be looked at historically in relation to the division of labour. That is the subject of political economy and of its critique.<sup>54</sup>

By way of concluding this chapter I should point out the complexity of combining the liberal theory of property and price with its sociological critique. What Smith's political economy highlighted was that both standpoints were to be looked at in relation to the division of labour and that highlighted the socio-theoretical content of this complexity. I shall deal with this question in the second and third chapters.

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<sup>54</sup> For a recent discussion of productive and unproductive labour and employment see also Ian Gough (1972), Peter Meiksins (1981-2) and Jacob Morris (1958), Justin Blake (1960). The question of the productive and unproductive labour had been an open question in the Marxists discussion following Marx. As Meiksins put it, the dispute can be resolved in a way that is consistent with Marx's definitions of productive and unproductive labour from the point of view of capital (Meiksins (1981-2) p. 35).

## **Chapter two**

### **1. Division of labour as classic and modern concept.**

In the following sections I shall examine the debate on the division of labour on whether there is a difference between a classic and a modern conception of the division of labour. What is at stake in this debate is whether and how the division of labour as a modern principle is distinct from earlier conceptions to be found as early as in classic antiquity.

There are two main views to be contrasted; one argues that the modern conception of the division of labour is not merely modern but there has also been a discussion of this question in classic antiquity, and thus Smith elaborated his discussion of the division of labour on the basis of the classical sources and discussions. This argument takes apart the particular aspects of the division of labour of Smith's argument in the WN and traces them back to the texts and discussions to be found in antiquity.

The second argument is merely modern and argues that the division of labour presupposes the enlightenment developments and the particular type of social and economic relations which are simply absent in classic antiquity. Thus the division of labour has to be viewed not merely on a logical level and as the concept of the history of ideas, but in relation to, or better as an expression of, modern forms of economic and social relations. In other words, instead of being the principle of the just city-state, it acquires a certain economic and consequently social significance which could not be grasped in the early stages of the "history of ideas".<sup>55</sup> Further, it presupposes an analysis of the development of the division of labour and labour which were absent from the societies of antiquity which were based mainly on slave-labour.

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<sup>55</sup> The distinction of the modern world and antiquity is the subject of the second part of this thesis where I examine Hegel's account of the distinction between the modern world and antiquity as well as modern ethical life and the Hellenic ideal community.

In the last section I shall examine the way that Smith's account was influenced by his contemporary modern discussion and in particular by Rousseau's critique of civil society and political economy as distinguished from the economy of the *oikos* in the Greek *polis*-state.

## **2. The division of labour and history, history of the division of labour.**

Smith was not the very first thinker to observe the importance of the question of the division of labour, although he was the first to highlight its centrality for the analysis of the modern nation and industrial developments. The idea was adopted by a number of modern thinkers dealing with economic, social and moral questions, such as David Hume (1739, 1752), James Harris (1741),<sup>56</sup> Mandeville (1705, 1714), an anonymous writer dealing with the foreign trade in India (1701), William Petty (1690), Hutcheson (1755), Rousseau (1755), the French physiocrats in the *Encyclopedia* (1751).<sup>57</sup>

There has been a discussion of whether Smith's idea of the division of labour had its source in the modern French enlightenment thought or in the classical debates to be found in the classic texts of antiquity. Each of these claims led to a different reading of Smith's work. The first emphasizes the importance of Smith's thought as a modern thinker and as a labour economist and the second, reads Smith as offering an anthropological, historical and philosophical argument.

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<sup>56</sup> According to Foley (1975), Harris's *Essay Upon Money and Coins* was not published until 1757. Skinner and Campbell (1976) point out that even earlier than that a discussion on the question of labour is to be found in Josiah Tucker in an anonymous publication called *Considerations on the East-India Trade* 1701 p. 34.

<sup>57</sup> The first volume came out in 1751 and the volume relevant to the division of labour discussion did not come out until 1757. According to Foley, Smith's familiarity with the classic sources very much precedes this edition of the *Encyclopedia*.

According to the latter view a conception of the division of labour is to be found as early as Plutarch's analysis of Egyptian society. Plutarch refers to the division of labour in his description of the organisation of labour in ancient Egypt. Also in Plato's politico-philosophical thought, the division of labour becomes the principle according to which the ideal and just *Republic* is organised, i.e. on the basis that "each citizen devotes himself to what he is best fitted for".<sup>58</sup>

Foley (1975) offers a precise and detailed account of how Smith became knowledgeable of the classic philosophical texts, tragedies and other literary texts in their original language. That is reflected in his early writing and teaching on his *Lectures on Rhetoric, Belles Letters*, and the *Essay on Astronomy*. Foley argues that Smith's source of the division of labour is not modern but has its roots in classic antiquity.

Foley traced the "bits" of Smith's argument to their classic sources. Thus, by comparing Smith's account with classic texts, he sought to find their similarities. Xenophon in his *Cyropoedia*<sup>59</sup> argued that:

"the proof of the advantages of economic specialization is a comparison of a degree to which the division of labour can proceed in the large cities as compared with the countryside."<sup>60</sup>

The distinction between cities and the countryside is to be viewed on the basis of the division of labour, but also on its immediate effects to increase economic advantage and specialisation.

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<sup>58</sup> Plato in his *Republic* starts with the discussion of justice between Thrasimachus and Socrates and on the level of the organisation of the Republic. Justice is defined as the just allocation of positions to each citizen on the basis "to what he is best fitted for". Foley mentions that Plato's account of the division of labour in the *Republic* as the mode of subsistence is related to the distribution of gift and skills by Zeus. The Gods had a debate on whether or not to model the distribution of gifts and talents on the same basis as the distribution of skills involved in the division of labour.

<sup>59</sup> Cited by Foley VIII, ii, pp. 5-6.

<sup>60</sup> *Ibid.*, p. 221.

Even the "butcher, brewer, baker" example of the WN seems, according to Foley, to have its source in Xenophon's "baking bread" process on the basis of the family household.<sup>61</sup> Although both processes refer to the simple forms of the division of labour I should point out there is a distinction between the two. The baking bread process in the first case refers to the relation between distinct professions, or at least skills, and thus exchange and dependence among individual producers. The second refers to the process of baking bread on the basis of the household as the physical division of labour among the members of the household.

Smith's argument on invention and the innovation of the artist, as well as the evolution of early government, is to be found in Seneca's letter. Seneca argued against Posidonius, who claimed that all invention stems originally from the cogitations of philosophers that; "the novel devices were more likely to be hit upon the common workman who is exposed to the manufacturing process in his daily life".<sup>62</sup>

Smith combined somehow both arguments by mainly referring to the invention of the machines on the basis of the division of labour and invention of tools and machinery. In Smith's words:

"I shall only observe therefore, that the invention of all those machines by which labour is so much facilitated and abridged, seems to have been originally owing to the division of labour. Men are much more likely to discover easier and readier methods of attaining any object, when the whole attention of their minds is directed towards that single object,..."

and then

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<sup>61</sup> Ibid., p. 221 fot., 10.

<sup>62</sup> This was also quoted by Mandeville in the *Fable of the Bees* Cited by Foley Mandeville (1924) ed. F.B. Kaye, Vol. 2 pp. 143-45. cited by Foley p. 223.

"A great part of the machines made use of in those manufactures ... were originally the invention of common labourers raised out from skill and practice acquired by repetition and judgement acquired practically by the use of the machines".

However,

"many improvements have been made by the ingenuity of the makers of the machines, when to make them became the business of a peculiar trade; and some by that of those who are called philosophers or men of speculation ... the principal or sole trade and occupation of a particular class of citizens" (WN B I, p. 14).

To put it in a nutshell, Smith does not exclude that the use of a machine can result in invention and finding simpler ways of completing particular tasks. This idea seems to be more productive when applied to an extended division of labour and also can result in the advance of the division of labour by creating new branches of the division of labour and thus expanding the division of labour further.

Foley offers an apparently documented proof for his hypothesis that the division of labour is not to be found in modern French discussions but in the classic discussion of the division of labour. To support his argument he also refers to Smith's idea of history and his idea of the evolution of government and the just organisation of the city.<sup>63</sup> Thus he observes that Smith's "four-stage theory" is very similar to Plato's idea of the evolution of the different forms of societies and of government.

"the job of attempting to uncover intellectual origins is a tedious one, and one which usually can never be brought to completion".<sup>64</sup>

McNulty, in reply to Foley's article, pointed out that his research is much more concentrate on the similarities between Smith and Plato than on their differences, and from that perspective tends to be one sided. If Smith's argument is viewed from the

<sup>63</sup> *Republic* 369 D, *Laws* 320C-323A etc. cited by Foley pp. 225-6. See Skinner (1965), Meek (1971) and their extensive publications on Smith's theory of history known as "the four-stage theory" dealt with in the LJ. See chapter V of this thesis.

<sup>64</sup> Foley (1975) p. 242.

perspective of the difference between Smith and antiquity then, according to McNulty, the importance of Smith's economic argument for his analysis of labour is highlighted.

Thus he focuses on the following points: first, that Smith's idea of justice differs from Plato's. For Plato the just city on the basis of the division of labour was connected with some form of occupational stratification and labour immobility. In Plato the idea of the "natural calling", which was vividly presented in mythological terms, appeared as being the subject of debate among the Gods. This model is very much differentiated from Smith's naturalism related to his idea of exchange. And to move a bit ahead in history, Smith's naturalism is also different from what is known as the "comparative advantage argument". For Smith exchange is the source of the division of labour and his naturalism is to be found in that he sought to justify it in the rational human disposition to barter and exchange, in the same way that is in need of the other's cooperation. Thus for Smith, taking into account his analysis of labour on the basis of the division of labour, the "natural talent and gift" or "the comparative advantage argument" is less important for his argument. As he points out in the LJ, the modern organisation is contrasted to laws supported by the Sesostrius that "every man should follow the employment of his father" (LJ (B) p. 492). Thus the law of inheritance and custom is very much presupposed and challenged by the modern division of labour and the multiplicity and liberating aspects arising from it.

McNulty finds the importance of Smith's argument not so much in the stratification and immobility of labour, even if that is according to the prescriptions of the just city, but in the very nature of the modern division of labour to have changed the conception of labour altogether. Labour organised on the basis of the division of labour became an essential homogeneous factor of production which is the root for labour mobility on the basis of its being "free labour" to be bought and sold, which also presupposes the simplification of tasks due to the organisation and subdivision of

labour into simple tasks. In that sense, Smith was critical of corporations and long apprenticeships and he offered an argument of the "liberal reward of labour" with the cost of the commodification of labour, alienation of the labourer and the need for institutionalised education.<sup>65</sup>

From the standpoint of the theory of society, the economy of the polis was based on slave-labour which was questioned in the philosophical discussions. Nevertheless, the abolition of slavery, as against the law of "human nature", was only posited by Enlightenment thought and became legalised by the bourgeois civil codes. What therefore distinguishes the modern division of labour from all earlier conceptions, according to Smith, is the accumulation and subdivision of stock which allowed the application of the division of labour, wage-labour and the legal abolition of slavery, and also, as Marx pointed out, the division of labour is an economic principle and not the just principle of the Republic.<sup>66</sup> The very nature of society and political economy as the root of modern sociology as a separate discipline and result of the division of labour is absent from the philosophical or historical accounts of antiquity.<sup>67</sup> The "separation" of the political and economic is presupposed for the modern division of labour or it is to be put on a different basis.<sup>68</sup>

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<sup>65</sup> See Uno Pagano (1989) for a discussion of the division of labour.

<sup>66</sup> Marx *Capital* pp. 488-9.

<sup>67</sup> Marx points out that

"Political economy, which first emerged as an independent science in the period of manufacture, is only able to view the social division of labour in terms of the division of labour found in manufacture" (*Capital* p. 486).

<sup>68</sup> This made possible the introduction of factory legislation to protect labour as a resource of social reproduction and at the same time the rise of social movements such as the Chartist movement with the demand for the length of the working day (*Capital* part V). This use of the separation of the economic and the political seems to be very much different from Aristotle's distinction of *oikos* and *polis*. Aristotle in his *Politics* deals with the division between the *oikos* (household based on slave labour) and *polis* (city-state based on the relation between citizens).



### **3. Division of labour and Scottish Enlightenment.**

In contrast to the earlier arguments, Hamowy (1968) offers an account of the dispute between Ferguson and Smith on who was the first to underline the importance of the division of labour.<sup>69</sup> More than the question of who owns the idea, which according to Ferguson had a French source anyway, it is of interest to develop why this idea was important not only for Ferguson and Smith.

Hamowy points out the similarity between Ferguson and Smith on the following points: first, they both refer to the example of the pin manufacture. Second, the main difference between Ferguson's and Smith's argument is that Ferguson granted priority to the sociological implications of the division of labour or the psychological costs of the sociological consequences of the increasing subdivision of employment.<sup>70</sup> Social stratification and separation between intellectual and manual labour, elevation of sentiment, liberality of mind, are identified with a certain class of people in a stratified society.

Hamowy seems to underestimate the importance of economic thought in the Scottish enlightenment. Both Ferguson and Smith were Hutcheson's students, and familiar with the moral discussion of the division of labour in the context of Hutcheson's moral philosophy but also of his predecessors Pufendorf and Carmichael. Hutcheson took all his economics from Pufendorf and Carmichael which was integrated into his moral theory. For Hutcheson the division of labour was founded on the natural propensity observable in the most natural social form of life such as the family.

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<sup>69</sup> According to Marx, Smith was Ferguson's student while he distinguishes between the social division of labour and division of labour in manufacture under the control of the capitalist. As has been pointed out, Ferguson seemed to be more aware of the undemocratic effects of the division of labour in society in general. So in that sense Ferguson could be the student of Smith. But I shall also underline that Marx's distinction between social division of labour and the division of labour in the workshop contrasted the lack of rights under the power of the capitalist with the idea of the citizenship and owner of one's labour, i.e. as subject of rights which are sold at the same time that the labourer enters the factory. State legislation was to secure these rights. *Capital* p. 483.

<sup>70</sup> Hamowy 1968 p. 257.

In the *System of Moral Philosophy*, Hutcheson deals with the concept of the division of labour as part of the question of the human disposition which is taken as naturally social, presupposed to its social effects in the increase of productivity and interdependence. This social disposition is not forced into the disposition to exchange as in Smith's analysis. The human disposition is interpreted as the law of nature, which is an *apriori* law and, in addition, according to the common good of all. What is unnatural is the alienation from the natural community which leads men to isolation and melancholy.<sup>71</sup> Both Smith and Ferguson in their analysis of the commercial or civil society seem to be grounded on the naturalistic and moral approach to the division of labour. However, their analysis developed in different ways.

The concept of the division of labour is the organising principle for the simple forms of social life, i.e. the family. Sociability is found initially in the family

"The mutual aids of the few in a small family, may procure most of the necessities of life; and diminish dangers, and afford room for some social joys as well as finer pleasures. The same advantages could be obtained more effectually and copiously by the mutual assistance for a few such families living in one neighbourhood ... and would furnish more joyful exercises of our social dispositions."<sup>72</sup>

This approach is supplemented by the habits acquired just by being a member of some sort of community and with regard to the division of labour he refers to the natural subdivision of tasks. As a result of that some grow experts in something and the execution of labour in the system of divided labour is object of the joint labours of many skills in concert. Thus people acquire what is necessary for their subsistence and the conveniences for the enjoyment of life.

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<sup>71</sup> Compare with the idea of the ethical life to be found in Hegel's *Natural Law Essay*. The naturalism of the social character of man reminds one very much of Aristotle.

<sup>72</sup> See Hutcheson as cited by Meek p. 29.

Exchange and the division of labour in its proper sense are said to take place in the market where commodities are exchanged for money. That already implies the search for value as a means of exchange but also of a universally recognised medium of exchange. In the case of money in the form of metals it had the stamp of the state to avoid fraud among merchants.<sup>73</sup>

"The public faith of the state is interposed by these stamps, both for the quantity and purity, so that there is no occasion for assays or weighing or making divisions".<sup>74</sup>

However, it is not exchange "which increases wealth; it is industry which is the natural mine of wealth".<sup>75</sup> This analysis of the division of labour and exchange seems to have been very influential for both Ferguson and Smith, although modified. Both Ferguson and Smith emphasised mostly the importance of the division of labour and the rise of commercial society, although they did not leave out natural dispositions developed in the simple forms of social life which were seriously affected by the expansion of commercial society.

At the time that Smith was delivering his LJ, Ferguson was writing his *Essay on the History of Civil Society*.<sup>76</sup> For Ferguson's account of civil society, the subdivision and separation of arts and professions arising from the development of the division of labour and commercial society was of fundamental importance. Ferguson distinguished between the "mechanical arts" and "liberal arts of reflection and fancy".<sup>77</sup> He underlined the subordination of the former arts to the latter. This distinction, and the problem of subordination of one form of arts to others, was also

<sup>73</sup> Hutcheson (pp. 30, 33), cited by Meek. See also Skinner (1995) who argues for the link between Hutcheson's economics and theory of money and Pufendorf *De Officio* Book 1, ch 14 cited by Skinner p. 174.

<sup>74</sup> *Ibid.*, p. 33.

<sup>75</sup> Meek (1973) p.40. Compare this argument with Smith's account of the way that the division of labour increases the industry of the people.

<sup>76</sup> See Meek's and Skinner's (1973) research of the development of the idea of the division of labour in Smith's thought.

<sup>77</sup> Ferguson (1966) p. 182.

linked with Ferguson's speculation on the "political" consequences of the expansion of the division of labour.<sup>78</sup> The reason for them being distinct and some subordinate to others is acquired by the habits of the different arts, the difference of natural talents and dispositions, and the inequality of property. Physical and social inequalities led to changes in the moral sentiments of people and into their corruption. In Ferguson's account of the division of labour and commercial society, moral, economic and social aspects of the division of labour seem to overlap in the examination of the history of civil society.

Smith, in the *LJ* (1762-3, 1766) refers to the question of the division of labour in commercial society under the title of police, which is a subdivision of the examination of the principle of justice.<sup>79</sup> Police initially meant the regulation of government in general, and it had its roots in the ancient Athenian commercial society "*politeia*" which signified the *policey* (policy) for the well-being of the polis of its citizens and the laws of the *polis*. However, Smith's observations on the division of labour mainly refer to the modern form of commercial society and the modern division of labour and the way that police and justice are related with the modern developments.<sup>80</sup>

In modern commercial society police as policy was meant to be: first, a form of regulating the inferior parts of government and the execution of justice in so far as this was concerned with the prevention of crime and the methods for keeping the city guarded (*LJ* (B) p. 486). Second, police was concerned with the regulation of the

<sup>78</sup> Hirschman argues that Ferguson was more willing to speculate than Smith with regard to the political consequences of the economic expansion. In other words, Ferguson was not as optimistic as Smith was with regard to the expansion of the economic sphere (Hirschman (1977) p. 112). Gellner (1994) of the dangers of the "modular" aspects of civil society see chapter eight on Adam Ferguson.

<sup>79</sup> I shall examine Smith's political and moral argument on the question of justice in a separate section since it seems to be fundamental for his thought as a whole. It first becomes the subject of examination in the TMS (moral argument), then in the *LJ* (negative justice in relation to the civil government and property) and WN (as the just natural order and the social justice argument). Thus justice was not merely a way of protecting the rich against the poor, i.e. a negative concept of justice, but also a concept of justice with regard to social inequalities (WN B V 236) and thus the foundation of social order.

<sup>80</sup> See also *ibid.*, ch V.

security of communications, exchanges, commerce, and regulation of the market, i.e. the price of commodities. Third, it was directing the operation of market exchange, and secured by just means the prevention of injuries and crimes against property. Fourth, it secured order, contracts on the basis of the protection of private property. Thus police carried on the execution of Justice in the streets and the application of regulations for the prevention of crime (LJ (B) p. 486).

In that sense the division of labour, more than being a principle of production corresponded to the eighteenth century political and social developments, presupposed for its being the form of organisation of the pin manufacture. Smith also refers explicitly to the developments that took place in France and to the particular regulations taken "for the cleanness of the streets" and the new poor concentrated in the cities being at the same time the "free labour" or the "labouring poor" which were the basis for the development of manufactures.

The expansion of the division of labour into the different spheres of social life implied the need for regulations, but also it was a result of historical developments examined by Smith in the LJ and the WN. Smith offered an extensive account of the separation of city and country, agriculture, manufacture and the accumulation of the different forms of capital. The accumulation of capital was presupposed for the modern form of the division of labour.

In that context, the division of labour, more than being examined in its natural social form as by Hutcheson in the context of the family or the principle of the polis, became the principle of modern society and of political economy. In Smith's words, the object of political economy was to inquire into how revenue or subsistence for the people is produced and provided "to supply the state with a revenue sufficient for the public services" (WN I, p. 449).

Although the way that the two thinkers deal with the question of the division of labour overlaps, there are also some distinctive differences. Ferguson relates the question of the division of labour with an analysis of the history of civil or commercial society, which to a certain extent is similar to Smith's, though he does not use the "four-stage theory" that Smith uses for his historical analysis of society in general and of commercial society in particular. In the secondary discussions Ferguson was dealt with as the predecessor of sociology and his work reads as Smith without the separation into moral philosophy, jurisprudence and political economy.

With regard to the question of division of labour he mainly offers a sociological analysis of the division of labour and underlines its drawbacks, i.e. moral and social corruption. Smith, in the last part of his LJ and the ED, discusses the division of labour in the context of his analysis of commercial society. His orientation however is an analysis of the politico-economic, moral, and social relations, which resolve into the WN analysis of the division of labour. Before moving to this subject I shall offer a brief account of Smith's discussion of Rousseau, which was probably the French source that Ferguson referred to, as Hamowy reported.

#### **4. Rousseau Smith: a social critique?**

According to Ferguson the idea of the division of labour has its source in the discussions in France.<sup>81</sup> Smith was primarily a moral philosopher and followed closely the developments at the time on science and natural history in the continent. In particular he became interested in political economy developing in France not only through the Physiocrats and Encyclopedists but also by Rousseau's critical views.<sup>82</sup>

<sup>81</sup> The same holds also Viner who located the source of the idea of the division of labour in Rousseau's *Discourse on the Origins of Inequality*.

<sup>82</sup> The five first volumes of the *Encyclopedia* had appeared by 1755 the same time as the *Discourse on Inequality* and were purchased by Smith for Glasgow University Library cited in the EPS p. 245.

Smith's *Letter in the Edinburgh Review* had the tone of introducing its readers to the on-going discussions in the continent. In that context Smith offered a review of Rousseau's publication of the *Discourse on Inequality* (1755). He compared Rousseau's work with Mandeville's in the way that they address; first, the division between civilised society and second, the presocial state of nature. This comparison appears plausible if viewed from the perspective of the way that both thinkers reconstruct "society" and the state of nature or savage life. Rousseau's principles, according to Smith, "softened, improved, and embellished and stript to all that tendency to corruption and licentiousness which has disgraced them in their original author".<sup>83</sup> This original author was Mandeville and in particular the second part of "*The Fable of the Bees*" which Smith thought was the source of Rousseau's *Discourse*.<sup>84</sup> However, their accounts are very much different when it comes to the question of the division of labour. For Rousseau the division of labour was the source for inequalities and thus was a determinate feature of his negative view of civil society. For Mandeville it was the way of combining "private vice with public benefit" and essential for the advance of society as a whole.

Rousseau pointed out the split between the two senses of economy into general or political economy and the domestic or particular economy. Economy derived from *oikos*, to be traced in the Aristotelian thought, it "meant originally only the wise and legitimate government of the house" which looks after "the common good of the whole family". For Rousseau the subject for examination is what he calls the general political economy and from that perspective is to be examined the relation between the family and the state, *oikos* and subsequently the law of the family and the state

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<sup>83</sup> EPS 250

<sup>84</sup> Colletti commenting on this debate argued that Rousseau's critique of civil society was not moralistic but historical. Smith's critique of Mandeville, he argues, was rhetorical rather than substantial (Colletti (1972) pp. 209-210).

law.<sup>85</sup> Thus Rousseau draws the distinction between general or political economy and domestic or particular economy.

"Even if there were as close an analogy as many authors maintain between the State and the family, it would not follow that the rules of conduct proper for one of these societies would be also proper for the other"<sup>86</sup>

The need for regulation and law in Rousseau's thought becomes a question for the legitimization of government on the basis of the conflict between natural law and positive law, or domestic government and civil government. This conflict in Rousseau's thought paradoxically resulted in making Rousseau known for his social contract theory rather than for his *Discourses*. The central theme in the *Discourse on the Origin of Inequality* is Rousseau's inquiry into the source of inequalities in civilised society.<sup>87</sup> Contrasted to the pre-civilised state of nature Rousseau attempted to explain these inequalities on the basis of property inequalities: first, in the given titles of the ownership of land and second, on the basis of labour and division of labour arising out of social and natural differentiations. In that sense, Rousseau offered a negative view of civilised society as the source that "ruins the human race" as opposed to the state of nature free of social inequalities.

Smith puts these questions in a different way, albeit the inequalities of civilised societies are characterised also by the general increase of the productive powers of labour, land and wealth in general, which is to the benefit, in one or another way, of the larger part of the population.<sup>88</sup> Comparing civilised or commercial with primitive societies Smith observes that the social inequalities between higher and lower ranks or common people increase. In addition, people in civilised society with an established

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<sup>85</sup> The origin of this distinction is to be found in the ancient Aristotelian thought as the '*oikos*' based on the family law which "meant originally only the wise and legitimate government of the house" which looks after "the common good of the whole family".

<sup>86</sup> Rousseau (1990) p. 117.

<sup>87</sup> Rousseau (1990) pp. 84, 94.

<sup>88</sup> See Adam Smith *Letter to the Edinburgh Review* in EPS, Colletti (1972), West (1971).



social order are submitted "to restrain their judgement on social and political matters", according to the interest of society in general. Instead in the barbarous society "every man too is in some measure a statesman" but also "in such a society indeed, no man can well acquire that improved and refined understanding, which a few men sometimes possess in the more civilised societies".<sup>89</sup>

In that sense the division of labour and the centrality he gave to it made Smith's analysis of commercial society very different from Mandevile's and Rousseau's. For Smith the disadvantages of the division of labour are not merely due to the division of labour but in their combination with the commercial spirit and mercantilistic policies which divided the population between privileged and unprivileged in commercial societies. Yet, the invisible hand as *deus ex machina* was to lead to the general increase of opulence. In the next chapter I shall move into a discussion of Smith's argument on the division of labour and the early challenges of his argument.

The importance of the modern form of the division of labour for the social theory of the eighteenth century, and in particular for Smith, is that, on the one hand, he pointed out the importance of the division of labour as a technical concept, but also, on the other hand, as a form of social relations which were the subject of change. In other words, the division between agriculture and manufacture, country and cities, freedom of labour, disappearance of traditional forms of organisation of the guild system, expansion of the market, systematisation and generalisation on the international level of commodity exchange. The division of labour as division of branches of production and different forms of capital supersede the division of labour in manufacture as subdivision of tasks.

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<sup>89</sup> WN pp. 303-307

### **Chapter three**

#### **1. Division of labour: social or economic principle?**

This chapter examines Smith's account of the division of labour: first, what I call the complexity of the naturalism of the division of labour in relation to commodity and money exchanges. Second, the different forms of the division of labour in modern society. Third, Smith's remarkably positive but also sceptical account of the effects of the division of labour in societies with social and economic inequalities. This examination of Smith's argument aims at highlighting the sociological elements in his thought as they are presented conceptually in the analysis of the division of labour.

On the one hand, he points out its positive effects for the whole society as the source of wealth, multiplicity, opulence, liberality of mind, change of professional structure and thus as having a central economic and social role for modern society. The division of labour was more advantageous than other forms of organisation in organising the labour process but also as the social combination of resources and their use for the increase of the opulence of the whole is that very form of co-operation. The division of labour contributed to the intensive accumulation of stock and wealth but also resulted in the increase of the advantages for the nation as a whole.

On the other hand, the division of labour re-enforced social distinctions and inequalities. The application of the division of labour in the labour process led to the distinction of social classes, enforced the division of labour between the countryside and the cities, manufacture and agriculture.

Finally, the idea of natural coherence, cooperation and interdependence, as realised in the labour process, seemed to be threatened by the increase of the alienating effects for the "labouring poor" who were employed mainly in manufacture and under the

organisation of the division of labour. Thus the egalitarian idea of equal self-interested individuals was in conflict with the developments associated with the division of labour on the social level and social stratification. That is the limit but also the importance of enlightenment thought.

## **2. The "complexity" of the naturalism of the division of labour and exchange.**

"But when the division of labour has once been thoroughly introduced, the produce of man's own labour can supply but a very small part of his occasional wants. The far greater part of them are supplied by the produce of other men's labour which he purchases with the produce, or, what is the same thing, with the price of the produce of his own. But this purchase cannot be made till such time as the produce of his own labour has not only been completed, but sold." (WN B II, p. 291).

The complexity of the modern division of labour lies in its particular social character and it has a constitutive role for the comprehension of commercial society. Modern commercial society presupposes a developed division of labour and exchange. The modern division of labour implies systematic exchanges and commodity production, but also a particular form of social co-operation and moderation of individuals' egoistic activity. Individuals produce, and thus satisfy their needs, by producing commodities in order to sell them in the market.

In book I in the WN the division of labour, "is not the effect of human policy or wisdom but is a 'natural' consequence of the common human disposition, altogether peculiar to men." The natural disposition to truck, barter or exchange, is the source of the division of labour between persons who act in concert on the basis of their self-interest. Nevertheless, more than a *natural* disposition, it is an expression "*of a disposition common to all men*" and on this basis it is natural (WN B I, p. 17).<sup>90</sup> The

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foundation of individual's rights and the basis on which it is possible to exchange and distinguish "that is mine, that yours", may be the assumption of the simple idea of labour as effort and toil which is the source of property rights (WN B I, pp. 17, 72, B II, p. 136). The simple model of exchange of one thing for the other on the basis of persuasion and the mutual recognition of common interests is the natural disposition that gave occasion to the division of labour. Therefore the division of labour and exchange are developed together.

The argument in favour of the division of labour is based on the practical observation, that "it saves toil and effort" to be skilful in the production of one product and then exchange it for something else, rather than producing all goods that one requires. Producing for others results in that not only effort and time spent on the production of one good is saved, but also more goods are produced and of better quality. Thus it is more advantageous for both the individual and the society as a whole to be specialised in the production of one thing and then exchange the surplus for something else. In turn, production in modern society is production for exchange, and more precisely production of commodities which have primarily an exchange value and are to be sold in the market.

The paradox in a society based on a complex form of division of labour lies in that labourers produce primarily exchangeable values, rather than use values for the direct satisfaction of their needs. Therefore, needs are complex, in the sense that their

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90 The marxian critique of Smith lies in Smith's naturalism in the explanation of the division of labour, i.e. that it arises from the natural disposition to exchange and bargain but also of being in need of the assistance of others. Therefore, Smith did not distinguish between division of labour in manufacture and the social division of labour. Marx comments on that:

"While the division of labour in society at large, whether mediated through the exchange of commodities or not, can exist in the most diverse economic functions of society, the division of labour in the workshop, as practiced by manufacture, is an entirely specific creation of the capitalist mode of production" (*Capital* p. 480).

"But in spite of the numerous analogies and links connecting them, the division of labour in the interior of a society, and that in the interior of a workshop, differ not only in degree, but also in kind. The analogy appears more indisputable where there is an invisible bond uniting the various branches of trade" (Marx 1988 p. 474).

satisfaction is mediated by exchange and exchange values. It becomes a common sense principle that it is more advantageous to specialise on the production of one kind of good and then acquire other goods through exchange. Producers produce to satisfy need in general as an abstraction, and produce products which do not have a direct use value. The very idea of individuals' self-interest to satisfy their immediate or mediated need is subject to a social relation and not merely a relation between two self-interested individuals. Bargaining, although it does apply to a certain extent, cannot support on its own an argument for social theory.

The modern exchange relation is very much a specific social relation, rather than one merely to be found in a human disposition. For Smith the simple principle to exchange and bargain rooted in human disposition seems to be somehow the foundation of the complex exchange relations in modern society. That is not altogether wrong. The difficulty arises when trying to look at modern complex relations as what nature demands or as a natural law. Smith does not make much effort to analyse the latter, he rather uses argument such as the "invisible hand" to analyse the sources of wealth for modern society with the best possible use of natural resources. His analysis, although it had to comply to the laws of nature and perfect liberty, is not to be approached "naturalistically" at first sight. This gap is filled by his idea of practical reason as the individual's natural disposition. In addition, when conflicts arise Smith seems to return to the naturalism of the invisible hand as the *deus ex machina* for the justification of his argument. The latter can be read as the "naturalism of the social" as it appears in the particular historical form of social relations, instead of the natural justification of the social. Nevertheless, what is important to highlight is that the core of his analysis is based on the key role of the division of labour and exchange relations and in the way that they give occasion to modern commercial society.

There lies the difference from the natural law argument as the appropriation of nature. From that respect Smith reformulates the classic liberal contract and natural law theory of the "robinsonian" type, or of societies organised on a community basis, first

by introducing his theory of the division of labour as the adequate conceptual basis for the analysis of commercial society.

Marx posits the question: "What is it that forms the bond between independent labourers and the cattle-breeder?". The bond between them is the fact that their respective products are commodities to be sold in the market.<sup>91</sup> For the early developments of modern society this contradiction of the social being taken as natural or the natural as social raised the awareness that the expansion of the division of labour in its particular universal form indeed involved a complexity which laid in its very social form. The analysis of the latter led to the social critique of modern society. One of the early provocative critiques was offered by Mandeville. By clouding the distinction between vice and virtue, Mandeville offered a provocative critique of the traditional moral theory and shifted the interest from a moral to a social critique. For Mandeville the complexity of commercial society on how to combine "private vice" with "public benefit" was resolved in the best possible way through an extensive system of division of labour and exchanges. He also suggested that sometimes vice should also be employed in social matters instead of employing good motives. Thus he described modern society in the following terms:

"... by society I understand a Body Politick, in which Man ... is becoming a Disciplin'd Creature, *that can find his own Ends in Labouring for others*, and each Member is render'd Subservient for the Whole, and all of them by cunning Managment are made to act as one. ... under one Head or other Form of Government each Member is render'd Subservient to the Whole" (emphasis added).<sup>92</sup>

For Smith the developed form of the division of labour also implied a civilised society with central civil government, even if its head for Smith is the "wise legislator". Social cohesion and peace as a social value can be seen as the common characteristic

<sup>91</sup> Marx (1988) p. 475.

<sup>92</sup> Mandeville on division of labour Vol. I pp. 347, 356-8, Vol. II p. 284; and elsewhere, on civilised society Vol. II pp. 349-50.

among men who wish to exchange, rather than merely rob one another and through the exchange of commodities acquire the goods they need to satisfy their individual needs, i.e. on the basis of mutual self-interest. Exchange relations are based then not only on the individual's needs, but also on what Smith calls self-interest as the common sentiment of particular individuals participating in the process of exchange (WN B I, pp. 17-19). In other words, for Smith the complexity of modern society is resolved by the key role of the division of labour in organising conflicting self-interests, and resulting in co-operation than merely being disciplined under the burden of political power. There is where the difference lies between Mandeville or even Hobbes and Smith. The latter, in both his moral theory and his political economy, highlighted the importance of forms of social coherence either in the context of the system of sympathy or in the context of the division of labour.

The emphasis of the positive aspects of social coherence sets the context in which it is possible to satisfy self-love on the basis of moderation among self-interested individuals who agree to exchange on the basis of their common interests. Moderated in the sense that it presupposes a sort of commercial ethics and civility, but also as the very nature of the division of labour as rational and moderating form: as Smith put it in book I, using the means of persuasion rather than merely a relation of power and violence.

On that level his social theory introduced in the WN presupposes his moral theory and the structure of sympathy and recognition as social value and virtue. But I shall deal with this question in the examination of Smith's theory of moral sentiments in chapter IV where the locality of the small community is extended to the level of the nation state. The social form of the division of labour, suggested by Smith, is contrasted to earlier forms of societies where one community exchanged its surplus with other

communities, as suggested by Hutcheson.<sup>93</sup> The modern "spontaneously" developed division of labour, at the end of the day, presupposed the fragmentation of "spontaneously" established social links and the reconstruction of social bonds on the basis of the system of sympathy in the moral philosophy or of the principle of the division of labour and commodification of labour.<sup>94</sup> Labour becomes a commodity producing other commodities and not directly producing use values (WN p. 56). In that sense the traditional idea of productive labour as concrete labour applied in land was changed by its becoming manufacturing labour which was not merely an appropriation of nature but an appropriation of combined social and natural resources.

The naturalistic justification of exchange and the division of labour on the basis of a natural disposition certainly finds its limits in international trade among nations, but as a form of justification of exchanges on the basis of a "universal" equivalent. When Smith deals with trade among nations, the balance of trade, monopolies etc. seem to create obstacles to the idea of perfect liberty. The latter may be achieved in the simple model of the market on the basis of the national economy, but it seems to be more difficult on the international level. According to Smith, in the situation of perfect liberty both parties benefit, however, not to the same degree as practice has shown. Inequalities are presupposed and affect exchanges in general (WN Vol., I, pp. 513-14, 519, LJ pp. 511-513).

Summing up this section, I shall point out that for Smith the complexity of civilised or modern society is viewed from the perspective of the division of labour as the economic but also the particular social form of interdependence and moderation characteristic of commercial society. The virtue of Smith's argument is that he did not

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<sup>93</sup> As I have mentioned, Hutcheson also had an idea of a natural division of labour as the basis for simple social formations such as small communities, family and associations. He followed up the Aristotelian argument on the social and political nature of man (Hutcheson cited by Meek pp. 29-30).

<sup>94</sup> See Smith's analysis of accumulation of the different forms of stock and capital, division of country and cities, agriculture and manufacture (WN Vol I, B II, III).



merely assume and use the naturalism of a particular social form but that he went beyond this assumption to offer a conception of modern commercial society and its particular conflictual nature. The complexity of commercial society was made more explicit with the development of the division of labour in manufacture.

### **3. Division of labour in manufacture.**

Smith used the example of the pin making manufacture to illustrate analytically<sup>95</sup> how the division of labour improved the productive powers of labour and became the source of opulence and of the wealth of modern nations (LJ (A) pp. 341, 6). In the Lectures, to make his speech more vivid, Smith used the example of the lecture room (LJ (A) p. 86) to demonstrate that co-operative work is more productive on the whole than is the individual's labour separately. The immediate results of the application of the division of labour in the labour process in manufacture are described as follows:

First, the division of labour improved the dexterity and skill and the quantity of the work that the individual workman could perform. That became possible by the simplification of the labour process into simple operations.

Second, by the concentration of the labour process in one place and the simplification of the particular operations, time was saved which was lost by passing from one labour to another. That at the same time minimised the work needed for the production of the product as a result of the combined activity of many tasks fulfilled by the labour of the particular workers.

Third, the machinery invented and applied in the process of production, simple initially, was invented by the workmen specialised in a particular operation and thus as a result of the application of the division of labour invention was advanced. Thought was employed in production and thus judgement on how labour was to be applied.

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<sup>95</sup> Dugald Stewart emphasises the analytical aspect of this examination. See his essay in EPS p. 311.

Invention in less developed forms of the "division of labour" was rather accidental. Practical innovations and improvements have also taken place in other forms of the division of labour, where repetition and development of the skill led into discovering new simpler ways of accomplishing certain tasks.

Smith draws a distinction between accidental improvements by describing the modern form of the division of labour, which presupposes the application of thought to machinery and the use of inventions and speculation in a purposeful way. Apart from the employment of thought in production, the result of the division of labour is also the development of speculation in general, i.e. as the pleasure of speculating and thus inquiring "simply in the reason of things" which does not necessarily have a specific application (WN B I, pp. 19-20).<sup>96</sup>

Nevertheless, the application of thought and speculation to the labour process led into the gradual introduction of what Marx will call later, analysing the capitalist large-scale form of production, the use of science for the purposes of capital. Marx, in describing the difference between the labour process in manufacture and the way that it gave rise to the factory or large-scale production, emphasised the importance of the use of thought in the development of the labour process. In this way the modern form of the division of labour invented new forms for its reproduction and transformation into more simple subdivided but also advanced forms. In manufacture, the introduction of the division of labour in production led to further specialisation into particular branches and trades. Thus, innovation became the task of a particular class of citizens-machine-makers and philosophers and speculation was introduced into the process of production (WN B I, pp. 13-4). The multiplication of branches and skills is what Smith calls the liberal aspect of the division of labour, which

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<sup>96</sup> This speculative development as the result of the division of labour is what gave rise to the distinction between applied science and philosophy. This idea of speculation was already in Smith's TMS, where the idea of speculation in everyday life is connected with the aesthetic idea of the system and the order of the system. For the idea of the system in Smith see Ioannidou (1991) Dissertation (Ch II 2.1, 2.2).

resulted in the further specialisation among the different professions and thus created what he calls the liberal professions.

"Philosophy itself becomes a separate trade ....The philosophers, having each their peculiar business, do more work upon the whole and in each branch than formerly" (LJ (A) p. 347).

The commercial society based on this form of division of labour increased universal opulence, and the multiplication of branches of social production as a result of the social division of labour (WN B I, p. 15). This progress is considered not only on the level of social opulence, but also in the way that production and thought are socially used, divided and employed in the labour process. In the contemporary debates on the division of labour this development was the source for the separation between manual and intellectual labour.<sup>97</sup>

Overall, the introduction of the division of labour was celebrated by Smith due to its positive results in saving labour, at the same time that it increased the opulence of the country as a whole and the wealth produced by the employment and combination of its resources on the basis of the division of labour. Therefore, the division of labour was the primary cause for the increase of public opulence, but also was "proportionate to the industry of the people"<sup>98</sup> and consequently the industry of the people was proportionate to the division of labour. To put it in a different way, it rationalised the use of labour and industry, but also increased the advantages arising from it.

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<sup>97</sup> Alfred Sohn-Rethel discussed the separation between manual and intellectual labour. Reading Marx of the *Gotha Program* Rethel argues that the question of the division of labour coincides with that of class divisions. However, this identification has to be examined historically and logically (p. 7). He also deals with Smith's political economy as having offered a positive approach of the social good, and as having naturalised the production of commodities. In addition, the class antagonism of capital and labour is linked intrinsically with the division of head and hand (Sohn-Rethel (1978) pp. 36-37).

<sup>98</sup> This argument is to be found first in Hutcheson.

The "technical" division of labour as a form of organisation of tasks in manufacture involved another aspect which was not clear in the earlier forms of the social division of labour. In other words, this particular form of the division of labour, apart from increasing the revenues and the product, also highlighted the nature of production as co-operative. In that sense the social aspect of the division of labour, which can be viewed with regard to its results, had a double effect: first, increased intensity and the co-operative character of production and second, this became "measurable" in the increase of benefits and wealth.

On the socio-theoretical level, that had a great impact on the division of labour, which, apart from being a form of organisation of a particular branch of manufacture, was also the way of generating itself in more complex and developed forms resulting in economic progress. This progress is considered not only on the level of social opulence but it also effected different aspects of social and moral life in the implications of the intensification of the contradictions of private property as presented by the early liberal thought but also the intensification of social inequalities on the basis of the inequality of revenues.

Therefore, the division of labour being the source of wealth, was also the source of intensification of social interdependence expressed in economic but also broader social terms as social and economic inequality. In economic terms the division of labour results in the increase of the socially produced product, revenues, but also in new forms of producing revenues. It also presupposed the accumulation of capital and centrally organised production which was presupposed to the subdivided, simple, technical form of the division of labour. These aspects of the division of labour were more specifically related with the division of labour in manufacture, and later with factory labour and mechanisation of the productivity released by the division of labour.

#### **4. Division of labour as the particular social form of co-operation.**

Smith's *Early Draft* on the division of labour saw co-operation and dependence between independent artists as follows:

"The woollen coat which covers the day labourer, as coarse and rough as it may appear to be, could not be produced without the joint labour of a multitude of artists. The shepherd, the grazier, the clipper, the sorter of the wool, the picker, the comber, the dyer, the scribbler, the spinner, the weaver, the fuller, the dresser, must all join their different arts in order to make out this very homely production. Not to mention the merchants and carriers, who transport the materials from one of those artists to another..." (ED p. 562).

The division of labour in manufacture made simpler and more explicit the interdependence between different skills needed for the production of goods. The increase of the public opulence was due to the co-operative form of production on the basis of the division of labour on concentrated capital. The social aspect of the division of labour is to be found; first, in the co-operative form of production as combination of tasks and skills. The organisation of production on the level of manufacture made private purposeful activity or particular tasks more explicitly social. Second, the combination of different branches of production in the labour process corresponds to the combination of the different forms of capital employed in the production process. Third, the distinction of the different forms of revenue on the basis of participation in the labour process as labour, land and stock, result in the distribution of the opulence produced in this process being split into the money revenues of wages, rent and profit.

The division of labour as the co-operative form of production is the combination of the different operations and skills in the labour process. This co-operative form, in its

social form, is represented as the purposeful activity which leads into the production of the final product and the increase of the productive powers of labour. Also it is represented in the particular purposeful form of the organisation of production as subdivided into particular tasks.

The same principle "seems" to apply on the level of the separation of branches of production and the way that these branches are linked on the basis of their different operations. The modern form of the division of labour that Smith examined was, on the one hand, based on the social form of co-operation as the combination of different tasks, skills and professions and branches, but also as the natural and social form of relations which resulted from the further accumulation of stock and capital.

The organisation of the modern form of the division of labour made possible a combination and development of the productive powers of labour and land, but also the accumulation of stock as circulating and fixed capital. This accumulation of capital was to be used productively on the basis of the division of labour. The division of labour was a form of organisation and use of socially accumulated capital and its further reproduction and accumulation. The social relations involved as a form of co-operation, but also as the form of organisation of labour, can be considered as part of the constant of fixed capital. The social division of labour is related to the developing and accumulation of constant capital and with the process of its primitive accumulation.<sup>99</sup>

In Marx's analysis of the division of labour in manufacture, it is pointed out that the labour process was formed on the basis of isolated groups of workers who performed a particular specialised function which is made up of homogeneous tasks. These groups of workers constituted parts of a total purposeful co-operative "mechanism".

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<sup>99</sup> Perelman assumes the marxian view point where capital is viewed as a form of social relations and value is the expression of labour accumulated into capital (Perelman (1981-82) p. 43).

"The organisation of its group is based on the division of labour, but the bond between the different groups is simple co-operation, which by using in common one of the means of production ... causes it to be consumed more economically"<sup>100</sup>

Co-operation in manufacture in its simplest form was the simultaneous employment of many people making parts of the same product. This form of co-operation arising from the concentration of the factors of production in a certain historical moment, is the expression of an organic relation, as a social form of co-operation which does not cost anything to the capitalist.

Smith was the first to point out the importance of co-operation as the particular factors participating in production which resulted in universal opulence. In addition, in making explicit the importance of co-operation he also highlighted before Marx the political economy involved in the appropriation of the increase of the product under this form of production. Smith was optimistic that the division of labour results in the improvement of the position of the whole of the population on the national level, despite the social inequalities. In capitalist society, as analysed by Marx, this co-operative "mechanism" is appropriated by the capitalist and it costs nothing to him but it results in a class society on the social level.

There is a number of questions raised as soon as the focus of the analysis of the particular form of co-operation on the basis of the division of labour in manufacture shifts to the question of distribution of the product and its subdivision into different revenues. The co-operative production of opulence and wealth presupposes a particular form of property relations. Thus the division of labour, although it seems a rational form of distribution of revenues, presupposes the accumulation of stock as private ownership and thus private property relations as formed historically. The

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<sup>100</sup> Marx (1988) p. 467.

latter does not imply that the co-operative form of production which is the source of opulence on the national level can not be organised on a different basis. On the contrary, although on the analytical level of the analysis of the division of labour this historical aspect of the distribution of revenue and of the social product is presupposed, it can either be appropriated by the capitalist or analysed on the basis of the "political economy" of the different interests involved.

Although overall Smith offers a positive analysis of the division of labour and of its co-operative form, he was also the first to offer a critical view of it in the particular historical form it takes in commercial society when looking at the different interests arising from different revenues and forms of capital employed productively in the labour process. In that sense the division of labour and distribution of revenues seem to put forward a complexity of conflicting interests which lay claims on the socially produced product and through that of the resources appropriated in this process.

### **5. Accumulation and division of labour**

What is assumed for the division of labour in manufacture, apart from "free" barter and exchange, is the accumulation but also subdivision of capital (WN B II, p. 291). This idea of capital includes the different forms of resources and combines productive powers in the labour process. It also presupposes, as Smith has shown in the third book of the WN, the separation of agriculture and manufacture, which was followed by the formation of cities and thus the separation of country and cities. This historical account is also to be found in the lectures, where the celebration of the positive results of the division of labour is conditioned by factors that slowed the progress of opulence. Therefore, although the immediate tendency of the division of labour is to improve the arts and increase opulence, this progress was slowed down due; first, to natural impediments and second, to the oppression of civil government (LJ (B) pp.



521-541). By the former is meant that there can not be a division of labour without the accumulation and division of stock, and by the latter, the government was too weak and feeble to protect the industry and the individual's security which was in danger from the continuous wars among barbarous nations but also robbery on the highways. This "uncivilised" situation retarded the accumulation of stock required for the division of labour to flourish (LJ (B) p. 522).

Even after the establishment of the first manufactures, progress was slow caused by several factors such as the type of labour used, which was initially slave labour. This form of labour did not encourage the improvements of the division of labour (LJ p. 526). Merchants were greatly obstructed to pursue trade and they had to buy their liberty to trade in particular localities as an irrational form of taxation (LJ p. 527). The imperfection of contracts, the protection of the monopolies of staple towns, intervention in exports and imports, were social and political obstacles to the development of the division of labour.

After the fall of the Roman Empire the greatest part of the land was possessed by proprietors, but also there was a big part which was uncultivated. The practice which was followed as regards the succession of land ownership was that of primogeniture, which avoided the subdivision of land by alienation into small parts. The law of primogeniture was related to family distinctions, and this system benefited only one member of the family and kept the land undivided but left the others under the situation of beggary or free labour to be sold in the market.<sup>101</sup> The cultivation of land was possible under a variety of obstacles which did not allow further improvements. The production and use of the surplus product was restricted to the limits of the feud, and the restrictions of trade, robbery, lack of police made transport and communication difficult. Licences required for exportation and trade were sold by the

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<sup>101</sup> On the different forms of succession as forms of protection of the property of land see Smith's *Lectures* (LJ (B) pp. 460-464). On the inheritance law (*Ibid.*, pp. 464-5)

landowners of the feuds (WN B III, p. 418). The rise of the towns and the development of commerce led to the need for regular civil government. The contradictions between the lords, princes, king and the burghers led to the support of the regular government whose territorial jurisdiction was extended further and gave rise to the need for the codification of law as the civil law.

In an agriculture-based economy the extent of the "division of labour" was rather limited, compared to the division of labour which was properly introduced in manufacture. The process of the division of labour between manufacture and agriculture, town and country, was a historical process. It took place in Europe after the decline of the Roman empire and of feudalism, which was the system to organise agricultural production in the country and was connected to the guild system of towns, corporation and apprenticeships (WN B I, pp. 132-160).

Political intervention prompted the development of manufacture and commerce in turn prompted the development of agriculture. The latter offered the raw material and free labour for manufacture, and the former new markets for the surplus product of the more intensive and organised use of land. Instead of producing at the level of the feud and the local market, it was now producing the raw material to be further processed by manufacture in the towns. The systematic and extensive exchanges, foreign commerce and later colonisation led to what is known as the industrial revolution and the division of labour in its particular modern form.

For this relation between country and town Smith says that there was a mutual and reciprocal gain for both sides and for the different persons employed in various occupations (WN B III, 401). The surplus produced in the country was concentrated in the market of towns. But this already presupposed the progress of agriculture, increase of production and accumulation of surplus.

The analysis of the modern form of the division of labour as examined in its simple form above, highlighted also its particular socio-economic and historical aspects. Historical, to the extent that Smith examines the transition of one form of society to another, i.e. from the feudal form of organisation and the guild system of cities, to the modern extended market and division of labour in commercial society. Socio-economic, in the way that Smith's argument compares different forms of societies on the basis of the degree of the development of the division of labour but also the analysis of the particular form of division of labour in commercial society.

The extension of the division of labour was very much dependent on the extension of the market and social and political developments, and in return contributed to its expansion since the purpose of production was to produce for the market. The extension of commerce and the market led in turn to a further expansion of the division of labour (WN B I, ch III). The idea of the market which was located in the limits of the feud for feudal society was to be expanded on the international level. That meant the transition from feudalism to the modern nation state, but gave rise to the international division of labour and the colonial system (LJ pp. 355-6).

#### **6. Division of labour and distribution of universal opulence.**

"It is the great multiplication of the productions of all the different arts, in consequence of the division of labour, which occasions, in a well-governed society, that universal opulence which extends itself to the lower ranks of people" (WN B I 15).

In the WN book I the division of labour is the cause of the improvements of the productive powers of labour and the product of it is "naturally" distributed among the different ranks of people. The division of labour could be the natural way of distributing social benefits without any government intervention. However, as the

discussion of the earlier section and the above quote shows, these optimistic views of the division of labour presupposed what Smith calls a "well-ordered" society. Smith's celebration of the division of labour lies in that it was more than a form of production, it was also a form of natural distribution of the advantages and opulence arising from it to all ranks in the well-ordered society.

Smith's economic readings argue for the economic advantages of the division of labour such as the increase of productivity and universal opulence. This form of increase of opulence is also a form of allocation of resources in the particular way that it is beneficial for the society as a whole, taking for granted social divisions into different ranks and classes. The well-governed society occasions the universal opulence and multiplication of production as a consequence of the division of labour and exchange between people in society.

Thus the modern division of labour offered the solution to social coherence and thus became a form of combining together different interests but also resources. More than being an economic principle, it also became an expression of the social bonds justified on the economic level and thus supporting the relations of interdependence on the basis of an idea of the social benefit.<sup>102</sup> Nevertheless, this view presented in the WN is contrasted to earlier views in LJ and the ED.

Smith, rather than offering a purely positive analysis of the division of labour, was rather more critical. In both LJ and his ED, preceding the WN, he points out that the distribution of advantages arising from the division of labour is not merely "natural".

"It is the division of labour which encreases the opulence of a country. In a civilised society, tho' there is indeed a division of labour there is no equal division, for there are

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<sup>102</sup> MacNally underlines that Schumpeter, Spiegel, and Meek, have praised W. Petty in relation to classical political economy that was the originator of the concept of interdependence through the division of labour and of modern income analysis (MacNally (1988) p. 35).

a good many who work none at all. The division of opulence is not according to the work. The opulence of the merchant is greater than that of all his clerks, tho' he works less; and they again have six times more than an equal number of artisans, who are more employed. ... Thus he who, as it were, bears the burthen of society has the fewest advantages" (LJ (B) pp. 489-90).

"... with regard to the produce of the labour of a great society there is never any such thing as a fair and equal division. ... on the contrary those who work most get least ..." (ED pp. 563-4).

The combination of the labour of many labourers working together led to the increase of the product of their individual work but also the intensification of labour for the individual labourer. Under the division of labour, each individual confines himself to a particular branch of business, and can alone account for that superior opulence which takes place in civilised societies, and which, notwithstanding the inequality of property, extends itself to the lowest member of the community (paraphrase ED p. 564).

Smith came across the "complexity" of the division of labour in a divided society based on the inequality of property and revenues, which though the inequalities in comparison to earlier forms of society seems to have improved the standards of life for the common labourer (WN B I, p 16). Nonetheless, that does not imply that his argument with regard to the division of labour loses its importance. Even in societies of inequality the opulence is to be distributed naturally to all social ranks. The degree of social divisions and inequalities is very much connected to the development of the division of labour, but also is subject to its limits. This idea is very similar to Hegel's comments on civil society, that is not rich enough since the increase of the wealth observed in modern society is followed by poverty and social and economic inequalities.

Smith's originality is that by addressing the question of the social form of the division of labour, on the one hand, he offered an analysis of the co-operative form of the division of labour and its advantages but, on the other hand, this particular aspect of the division of labour presupposed a naturalistic view of society in conflict with the idea of a "well ordered society". Thus his analysis of the one division of labour on the social level, can be both a social critique but also an economic justification of modern society and of its social inequalities.<sup>103</sup>

The analysis of the positive and negative aspects of the division of labour in a primary schematic form led Smith to be read as sceptical. The politics of history is open, but what is to be acknowledged in Smith's analysis is that he was the first to offer an analysis of modern society on what was addressed by the literature as Smith's "materialism". What is meant by the latter is that he linked revenues with the particular formation of classes of the eighteenth century commercial society on the early development of division of labour in manufacture.

Instead of perceiving society only as an aggregate bound together by individual's common self-interest or under the power of the sovereignty or the wise legislator representing the general good, Smith, as other authors in the same period, saw that the division of labour in society in its particular form was related to the class division and the relations of interdependence on that basis. The three different orders of people were constituted according to their mode of revenue: these who live by rent, these who live by wages, and these who live by profits. For Smith these three orders are the original and constituent orders of civilised society. This form of division implied the separation of the different revenues for the particular classes participating

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<sup>103</sup> Whether or not this approach is apologetic, it has been discussed by Macpherson (1973) pp. 195-203. See also Ioannidis (1989) pp. 10-11.

in the production of goods. For that reason Smith was dealt with as a "materialist" writer in the context of the discussion of the Scottish historical school.<sup>104</sup>

### **7. The rationality of the division of labour dependence and interdependence.**

The economic opulence and the liberating aspects arising from the division of labour at the end of the day did not make modern society fair and rich enough. Instead it generated new *social* questions, new forms of social inequalities, poverty, and alienation. What the division of labour in manufacture realised was a wide web of social relations of interdependence. These relations of interdependence do not immediately imply some form of solidarity, to be found in earlier communities.<sup>105</sup>

Smith made central for his social theory the argument that the difference between savage and commercial societies is precisely the increase in the relation of interdependence mediated by money exchanges, and the division of labour (LJ pp. 335, 340, 521, 527).

This idea was all the more necessary in what Smith calls the "age of commerce". Men confined themselves to one type of labour, and exchanged the surplus of their own commodity for that of another of which they had a need. Therefore, occupations at this time are varied (LJ p. 459). In modern civilised society exchange gave rise to a diversity of employment through the division of labour, but also made the multiplicity useful. The latter had its basis in natural dispositions and talents, but also out of the

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<sup>104</sup> Hasbach (1897) finds in Smith a materialistic philosophy and history in a sense that the development of law is based on the economic conditions, i.e. different modes of production. According to Meek (1956) Smith's approach is "materialist" in the way that subsistence influences the other forms of social life, law, property relations. That was identified as the materialist conception of history p. 53. In the same lines argues also R. Pascal (1938).

<sup>105</sup> On the role of the division of labour as a principle of social cohesion in the writing of John Maxwell, James Harris, Joseph Priestley, Cumberland cited by Milton L. Myers (1967). For the discussion of the division of labour as source of different types of solidarity see the debate between Tonnies, and Durkheim Ioannidou (1993).

new forms of employment liberated a multiplicity of people's dispositions and these differences are made useful and beneficial for the whole.

In complex exchange relations, but also in complex modern society, according to the well-known paragraph in the WN, it is in vain to expect the co-operation of others just purely from their benevolence or friendship as Hutcheson put it. These sentiments, although the most agreeable, can not be the basis for a social bond in extended "societies of strangers". Contractual relationships are not enough to secure social bonds. Nevertheless, individuals need "the assistance of the others" which can be offered on the basis of mutual advantage and exchange. "Mere love is not sufficient for it, till he applies in some way to your self love" (LJ p. 348). Smith introduces the principle of the division of labour as the characteristic of the civilised form of society arising precisely from the spontaneous common disposition of men to exchange with each other. The "original position", common to all men where each man produced on the basis of his own labour the goods for the satisfaction of its needs, is now viewed in the context of the division of labour.

This interdependence implies that in exchanges self-interests, different in content, do share the need for recognition from others and of non violation. The division of labour assumes the difference between needs and interests. This difference is the basis for exchange of one product for the other. The civilising effect of the division of labour and interdependence also results in the increase of the social product and the well-being for the whole of society. The division of labour in its social form is the principle that combines the differences arising from different needs and interests. Thus the division of labour as a social principle is not simply homogeneous, but presupposes the moderation of interests and thus the independence among individuals' interests and needs.



Taking into account this aspect of dependence as interdependence of interests, Smith argues that it is better to turn the self-love of others in one's favour and show them that "it is for their own advantage to do for him what he requires from them... We address ourselves, not to their humanity but to their self-love and never talk to them of our own necessities but of their advantages" (WN I, p. 19). Smith offers at the same time a new perception of common nature in the way that it is expressed in the market among calculating self-loving individuals. Thus, Smith argues that the naturally common disposition to exchange is possible because of the sentiments of self-love and also rationality as instrumental rationality of individual persons (LJ p. 348).

The conception of the division of labour in its particular social form, as dealt with in the LJ, ED and WN, is differentiated from earlier social forms of the division of labour, such as the division of trades or professions on the basis of the guild system. The traditional forms of the organisation of production and reproduction of skills required for a particular trade in pre-modern society were organised on the basis of the guild system and corporations. This system was connected with a particular system of privileges and rights, which under the modern form of the division of labour lost its power, or to the extent that it existed according to Smith was obstructing the natural development of the expansion of the new forms of the division of labour and the expansion of the market which was mainly based on the commodification of "free labour" (LJ (A) pp. 84-85). There lies the difference between the modern division of labour and its earlier forms: the former highlighted the importance of individuality and of self-interest, at least in the context of the market.

Smith's analysis of social relations and exchange on the basis of mutual interest presupposes a moral analysis based on his theory of moral sentiments. In the TMS Smith mainly refers to the distinction of trades and ranks based on their particular habits, skills and practical morality (TMS pp. 50, 61). He mainly focused on the

analysis of private and public virtues as realised through individuals' skills and habits. The way that these differences of power and education are combined in his moral philosophy is through his system of sympathy, which has been examined also as "the source of natural deception". However, despite the deceptive character of "imaginary identification" between people of different ranks and of inequality of power, society seems to achieve some sort of moral coherence.<sup>106</sup>

In both TMS and WN Smith's idea of society is not merely based on the moral nature, vicious or virtuous, of self-interested individuals but also on the distinction among different independent orders. In the WN the constitution of different orders is according to their mode of revenue: those who live by rent, those who live by wages, and those who live by profits. For Smith these three orders are the original and constitutive orders of society. Therefore, Smith's argument concerning the division of labour and revenue made the shift to an analysis of social relations which were not merely relations among moral or amoral self-interested individuals. Smith's analysis of the form of production and distribution of revenues, which was important for political economy, also offered the conceptual means to comprehend the conflict between an individualist model of society and a society of class inequalities. This reading of the question of class and the division of labour, but also of the importance of the self-interest in economic activities, made Smith both the predecessor of modern sociology and also the first to offer a liberal analysis of modern society.

#### **8. Division of labour and the political economy of the general good.**

The first appropriation of Smith on the continent gave rise to what was called *Volkswirtschaft*, but also influenced the philosophical critiques of the rise of the modern nation state. There were two main streams in this discussion the legal

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<sup>106</sup> See section on Sympathy.

discussion: of the nation state which was followed by the emphasis on Smith's economics. In the context of the economics of the *Volk* the emphasis, was put on the increase of the national wealth and there was no distinction between the natural division of labour and social forms of the division of labour. Hegel was the first to offer a critique of the modern form of the division of labour based on the modern conception of labour and need as well as to reconstruct the relation between civil society and the state. But I shall examine that in the second part of this thesis.

The discussion in the second half of the nineteenth century was more focused on the social aspect of labour and thus was part of the discussions in German historical School. The problem of the division of labour was linked with the formation of social classes and the particular form of ethics related to it. These discussions later influenced Durkheim and the French sociological school. The characteristic of these discussions is that the idea of social unity on the basis of the *Volk* as a legal and economic unity breaks into its social, economic and political aspects rather than being dealt with as a natural unity.

Bücher (1892) deals with the question of the division of labour and what he calls the formation of social classes. In his analysis on the question what is the division of labour (*Was ist Arbeitsteilung?*) he distinguishes among: first, the division of labour on the level of production into "*Arbeitergruppe*". Secondly, the division of labour of distribution of the product among different classes (Smith). For Bücher the division of labour in the family is distinguished from the division of labour on the level of the national economy (*volkwirtschaftliche Arbeitsteilung*) because the latter is connected with the division of professions and classes.<sup>107</sup> This process of social "*Berufsbildung*" seems to have its roots in the middle ages, but things changed after the French revolution and the emergence of the idea of social justice.<sup>108</sup> For the sociologists,

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<sup>107</sup> Bücher (1892) p. 17.

<sup>108</sup> *Ibid.*, pp. 39, 37.

such as Schmoller and Philipovich, as well as for Bücher, society is dealt with as the result of the division of labour (*Ergebnisse der Teilung der Arbeit*).<sup>109</sup> Society is constructed on the basis of the very idea of the division of labour.<sup>110</sup>

This hypothesis, which was essential for the early philosophical, economic and sociological debates, was used by Marx for the critique of classical political economy as a social critique. Although he analysed the question of the division of labour in the most "prudently homeopathic doses" he distinguished his critique of the particular forms of the division of labour from a merely positive sociology which appropriated the positive aspects of the division of labour as a form of social coherence. Marx, like Smith, pointed out the positive role of labour and the division of labour for modern society. More specifically for Marx the social division of labour was the force to balance the capitalist destructive tendencies of the over-exploitation of the labour force but also of the anarchy of the competition between the different branches of production and corporations.

Marx offered the most extensive critique of the question of the particular social form of the division of labour which works "behind the backs of the individual producers". Thus the division of labour in its modern form leads to some particular forms not only of the socialisation of capital but also of exploitative social relations as capitalist relations. Marx's critique has a double aspect: first, it is a moral critique of the moral degradation of the labouring classes which develops further into a social critique. It was linked with the particular form of the capitalist relations of exploitation not only of labour but also of the social organisation of labour which were utilised by capital for the increase of productivity, profits and for the production of relative surplus value. Thus social productive powers were developed but also exploited by the

<sup>109</sup> Ibid., p. 16.

<sup>110</sup> For Schmoller the division of labour is "*die dauernde individuelle, das ganze Leben ergreifende und beherrschende Anpassung an eine spezialisierte Lebensaufgabe*" (Bücher p. 16). Philipovich emphasises the unity of the particular works towards a particular purpose (*Zweck*). See Simon Clarke (1991) ch V on the *Methodenstreit*.

particular form of the capital relation. Marx's moral critique is based on the politico-economic analysis of the division of labour as the form of organisation of production.

Crucial for Marx's critical account in *Capital* is the separation of the technical division of labour in manufacture, and later in the large scale production, and the social division of labour.<sup>111</sup> Following up Ferguson's discussion, Marx highlighted that it is the principle of the division of labour which is applied in manufacture is to be applied in society, it would turn society into a factory. In the same way Hegel realised that the "mechanism" which was developing under the organisation of the division of labour had to be controlled. The response to these developments, as Marx pointed out, was this split between the social division of labour and the division of labour in the sphere of production and that allowed the formal existence of individual's rights as citizens.<sup>112</sup> The opposition of formal rights and coercive relations of production reproduced the formal separation of the bourgeois economic interests and citizens on the level of the political sphere and the split between bourgeois and citizen, as Rousseau first showed and was then criticised by Hegel.<sup>113</sup>

For Smith's argument the Rousseauian influence of the general and particular interests resulted in the institutionalisation of the political economy of the general good. More specifically, in his argument on public welfare and moral education he attempted to balance the drawbacks arising from the division of labour for the labouring and less advantaged part of the population employed in manufacture. The introduction of universal education in particular for the labouring poor and the inferior classes of

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<sup>111</sup> On Marx and division of labour see Rattansi (1982). He contrasts the early Marx of the *German Ideology*, and *Economic and Philosophical Manuscripts* with the Marx of *Capital*. Early Marx "insists upon the complete dissolution of the division of labour as the central organising principle of the future society" (p. xii).

<sup>112</sup> Marx (1988) p. 477.

<sup>113</sup> Werhane (1991) underlined the corruption of courage, activity of the body, stupidity, ignorance, and mental deterioration which are generated through the organisation of the division of labour as in conflict to the liberal Lockean tradition of natural law and the equal rights to the advantages of social progress. Thus she contrasts the liberal individualist natural law theory to the immediate effects of the division of labour on the individual labourer in societies of social and economic inequalities.

people became a substantial social question. The task of the sovereign was to "take(s) pains to prevent" the corruption of public morals and disorders that could affect the society as a whole. In particular, Smith suggested specific measures taken by the government for the education of the youth to moderate the corrupting influences of the division of labour.

Thus Smith had to account for the fact that even if commercial society was more fair, civilised and wealthy in comparison to earlier forms of society, that did not mean it was the case for the whole of its population. It gave rise to a particular type of corruption of morals, new forms of stupidity as a result of the employment on monotonous and specific skills, lack of education, ignorance of public affairs, corruption of the activity of their body, of intellectual activity, as well as social and martial virtues. The relation between private morality and public ethics for Smith changed in the way that the views of people were not merely inspired by public virtues but rather their interests were formed in relation to their position in the division of labour, which was subject to conflicts of economic interests.<sup>114</sup>

This conflict is taken up by the sociological, moral and institutionalist readings of Smith.<sup>115</sup> These discussions have mostly put emphasis on the conflicting views in Smith's argument with regard to the division of labour. Smith of Book I is in conflict with Smith in Book V, but highlighting different aspects of this contrast. They argue that Book I of the WN underlines the positive economic benefits arising from the division of labour; the increase of social wealth, but also the distribution of economic advantages in the different social ranks and classes and the way that by their co-

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<sup>114</sup> For a detail account of Smith's critique of moral corruption see next chapter IV.

<sup>115</sup> Werhane (1991) underlines the institutional views in Smith's account of the division of labour and puts Rosenberg in the same category as Samuel and Marrow. All of them seem to underline the importance of the institutional structure of organisation on the basis of the public principles of justice.

operation the social product increases, as well as productivity, dexterity, skill, industry etc.<sup>116</sup>

Reisman (1976), similarly to West, deals with Smith's argument on the division of labour: first, as factor of economic progress for the whole but also as having negative effects on the individual workers, as psychological deprivation and narrowing of their horizons. In that sense the paradox of the capitalist use of the division of labour is that innovation, creativity and speculation as the characteristic of the individual labourer, but also of the use and combination of resources, are essential for the increase of productivity and competitiveness. The immediate affect of the division of labour is to effect negatively the resources found in the individual labourer. The division of labour becomes a division between mental and physical labour and has a particular effect in the use of the human resources and thus creativity and innovation added to the divisions between industry and agriculture.<sup>117</sup>

According to Rosenberg, Smith tries to get to grips with the problem of industrialised societies as societies of inequalities. In that sense, more than the opposition between advantages and disadvantages arising from the division of labour, Smith pointed out the paradox that the "increasing creativity of the society as a whole grows while that of the labouring poor declines".<sup>118</sup>

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Sutherland (1993) finds Smith's "institutional" aspects of the division of labour. First, in that the division of labour is dealt with as the source of wealth and productivity. Second, in relation to distribution and the question of class. Third, in relation to productive and unproductive labour (p. xxxiii). Fourth, the division of labour, apart from resulting in stupidity, increases the exploitation of the less advantaged classes. The state is examined more than being the negative minimal state, as a moral social substitute at the point that the division of labour falls into conflicts on the social level (xl, xli). The institutional reading of Smith as related to his account of the division of labour is also stated by Skinner and Campbell (1976) p. 43.

<sup>116</sup> West (1967) the "empirical illustration and *an priori* analysis in the form of the three propositions to account for the great increase in output which follows the division of labour" p. 23.

<sup>117</sup> Reisman (1976) p. 155.

<sup>118</sup> Rosenberg (1965) p. 139.

Reisman finds the effects of the division of labour on values, distribution and solidarity as characterised by the clash of economic interests related to the division of labour. Thus social conflict is of two sorts: first, horizontal among the different tradesmen, second, vertical as a division between social classes.<sup>119</sup> Universal exchange leads to economic interdependence and produces a form of "cohesion" which is subject to the conflict of economic and social divisions.

As opposed to this view Rosenberg (1965) argues that Smith is consistent with regard to his views on the question of the division of labour in book I and there is no opposition between the moral and the economic views in Smith. Thus he analyses the ethical and economic aspects of the division of labour as interwoven with each other. The increase of wealth as an economic category presupposes the use of the resources of innovation, the development of speculation in relation to the labour process, and that in its nature is not only an economic question.

The division of labour as a social question was a substantial part of the reading of Smith as a critical social theorist rather than merely as an advocate of the commercial society, although also the founder of the economic analysis of society.<sup>120</sup> The institutional reading of Smith has as its essential part the discussion of the conflicting effects of the division of labour and its alienating effects for the individual labourer.<sup>121</sup> In that sense, as Hyun-Ho Song (1995) put it "Smith is an early pioneer of institutional individualism" which is the "combination" of an institutionalist and individualist approach. Whichever way we look at Smith's argument on social theory, he offered the classic liberal formulation of social conflict on the basis of the individuals' self-interests, needs and resources realised socially. If that is possible then it has to be looked at on the basis of the division of labour and how individual's interest is actually realised or cancelled in relation to the particular historical form of

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<sup>119</sup> *Ibid.*, p. 160.

<sup>120</sup> Groenewegen (1977).

<sup>121</sup> Heilbroner (1975), West (Mar 1969), (1975), Rosenberg (May 1965), Viner (1968).



the division of labour. The emphasis of the self-interest in relation to the division of labour offers an alternative explanation to institutionalist<sup>122</sup>, sociological and individualistic accounts. However, classic liberalism seems to fall under the historical "limits" of Smith's enlightenment argument with regard to the analysis of the conflicting aspects brought out by modern society and thus enlightened by modern thought.<sup>123</sup>

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<sup>122</sup> For the institutional argument, such as Rawls's, the importance of the division of labour for the theory of society appears under the label of "political liberalism".

<sup>123</sup> For an analysis of the "limits" of enlightenment see Clarke (1993) and the critical discussions on the "dialectic of Enlightenment" see Adorno and Horkheimer (1972).

## **Chapter Four**

### **1. Is the "Adam Smith Problem" a pseudo-problem?**

What is known in the literature as the "*Adam Smith Problem*" (hereafter ASP) is whether there is consistency or inconsistency between Smith's moral theory and his political economy. In other words, between the altruistic moral feelings of the TMS or the doctrine of consciousness and the self-interested motives of the WN in the context of the developed division of labour.<sup>124</sup> Smith's moral theory as exposed in the TMS was found either consistent or inconsistent to the WN argument. For the German historical-economic school, the moral argument was claimed to be in contrast to the later materialist views. In other words, Smith theory of society connected with Smith's theory of history and the economic analysis of commercial society.<sup>125</sup>

Main figures in this discussion were Oncken (1897), Hasbach (1897), Schmoller (1884), Hildebrand (1848) and Knies (1853). The latter two argued that Smith's visit to France between 1764-6 was particularly influential and made him reconsider his views under the French "materialistic" influences.<sup>126</sup> This hypothesis, although true to the extent that it argues that the discussion on the continent had great influence on Smith, does not support the argument that there is an inconsistency between the early and later Smith. Already in the *Letter to the Edinburgh Review* (1755), Smith had shown interest in the discussions on the continent. For Smith political economy forms a part of the science of ethics and this can be supported on the basis of Smith's work in the way he treats political economy as a branch of the science of ethics.<sup>127</sup>

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<sup>124</sup> Hasbach (1897), Oncken (1897).

<sup>125</sup> Psychopedis (1992).

<sup>126</sup> Cited by Macfie and Raphael.

<sup>127</sup> Oncken claims that this was the way that Smith was perceived by his students in Scotland, as Cannan also mentions (p. 449).

On the whole the way that the ASP or pseudo-problem was addressed in the different historical periods and debates highlighted different aspects of Smith's argument and thus is interesting from the view point of the history of the perception of Smith's argument. The arguments are very much diverse and are formulated as follows; first, that the TMS and the WN are two entirely independent works as different systems, contradicting each other in their fundamental principles. Second, that TMS is a continuation of the WN in their moral and ethical principles, and third, that the post-TMS work had to be viewed as a comprehensive exposition of Smith's moral philosophy.<sup>128</sup>

Oncken's (1897) argument is that there is consistency in Smith's work, in the sense that he put moral questions on their practical basis and thus offered an analysis of commercial society as well. He argues from within the TMS, on the basis of the additions that Smith made in the sixth edition of the TMS in 1790 before his death. In the latter edition he laid emphasis on the connection between the two works by pointing out the primacy of social virtues for the realisation of self-interested motives. According to Oncken, Smith had developed forms of moderation of self-love in both TMS and in the WN and in that sense there is consistency in these works.<sup>129</sup>

In the contemporary debates there seems to be some sort of "division" between the authors who argue for the "Adam Smith Problem" and for its being a "pseudo problem". Also there are authors who argue that there are a number of paradoxes and inconsistencies in both the moral and politico-economic arguments of Smith, independent of the question of whether there is an inconsistency or consistency between the TMS and WN.

<sup>128</sup> Oncken (1897) p. 444. Recently Dickey (1986) has reexamined the ASP as subject to continuity and change and thus historicised the ASP.

<sup>129</sup> Oncken (1897) moderation of self-love part VII, sec ii, part VI conclusion, part VII ch. iv part VII ch. iii, part VI, sec iii. TMS shows that he does not need the WN "materialistic approach" (p. 447).

Macfie (1976) and Raphael (1978), the editors of the TMS, offer a historical account of the question of the "Adam Smith Problem", and argue that Smith was initially a moral philosopher and then developed a historical and politico-economic account in order to analyse the particular aspects of commercial society, but also the modern systems of morality.<sup>130</sup> Therefore they cannot see an inconsistency between the TMS, in particular the sixth edition, and Smith in the ED and WN with regard to the principles that Smith's argument is based on.<sup>131</sup>

Heilbroner (1982) also argues for the unity of Smith's work and analyses the contradictions to be found in both moral and politico-economic arguments separately. So the "inconsistency", rather than being an inconsistency between the two works, is investigated on the level of the conflicting views, i.e. of the argument of the division of labour of the first book in the WN to the argument of the fifth book critical to the division of labour.<sup>132</sup> In his moral theory the paradox of Smith's thought is to be found in the construction of a moral community on the immoral foundations of competitive self-interested individuals, i.e. there is an implicit contradiction in using the self-interested sentiment such as self-love or self-regard as the basis for the realisation of general good. As have shown, while examining Smith's moral theory in relation to his analysis of moderated interest, the identification but also the mutual exclusion of self-interest and general interest is somehow avoided. Heilbroner rather reads in the first book Mandeville's identification of "private vice-public benefit" and then contrast this with the book V of the WN.<sup>133</sup> This argument that Smith was influenced by the Mandevillian doctrine is not completely wrong but Smith's argument is not identical to Mandeville's argument as I will show in chapter IV.

<sup>130</sup> Macfie (1976) p. 73 see also Macfie's and Raphael's introduction to the TMS (1978) p. 20.

<sup>131</sup> The ASP as pseudo-problem is dealt with by V. Brown (1993) (p. 23) and Waszeck (1986) pp. 22-23.

<sup>132</sup> Heilbroner (1982) pp. 438-9.

<sup>133</sup> Campbell (1967) put it more clearly that Smith was in many ways Mandeville without the paradox (p. 536). The core of problem is how to channel self-interest into socially beneficial manifestations. Cohen (1989) connected self-interest on the basis of the division of labour and the invisible hand (pp. 61-2). Hayek (1967).

Colletti (1972) formulated this conflict as follows: the common interest can be obtained while preserving self-interests. But then how can society be preserved as the society of strangers interested in their own self-preservation?<sup>134</sup> In other words, the "socialisation of moral judgement" in commercial society leads to a "negative" form of socialisation.<sup>135</sup> Society can keep together on the basis of the diversion of interests and needs and the way that these are related through exchanges. This way of putting the conflicting nature of Smith's argument does not necessarily imply the end of morality in commercial society, but its particular negative form.

This argument is to be distinguished from Lux's (1991) argument, according to which "a moral philosopher invented economics and ended morality".<sup>136</sup> Thus it appears that the traditional conception of morality ended anyway by having a new "end" in the commercial and industrial society. It has fallen into contradictions and conflicts in favour of broader social freedoms and unfreedoms which highlighted its practical and ethical character. In that sense, Smith offered a critique of traditional views about morality, but this does not mean that he abandoned any conception of morality in his analysis of commercial society and of the corruption of moral sentiments.

Dickey (1986) pointed out that there is a shift made from the naturalism of the moral sentiments to more critical views of the relations of corruption in the social sphere.<sup>137</sup> The way that Dickey historicises the ASP is by underlining the importance of private virtues. In the sixth edition Smith argued for the primacy of public virtues such as justice over the private virtues such as prudence. Thus there seems to be a conflict in Smith's thought between private virtues such as prudence, self-command and the

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<sup>134</sup> Heilbroner (1982) ref. cited p. 436.

<sup>135</sup> Colletti (1972) p. 215.

<sup>136</sup> With regard to K. Lux (1990) argument see Ioannidou dissertation (1991) pp. 2-3.

<sup>137</sup> Dickey (1986) p. 604.

public virtues such as justice which were added in the sixth edition of the TMS.<sup>138</sup> By deepening his analysis of modern commercial society he realised that a theory of moral sentiments, although essential, had to be informed by an analysis of public virtues (TMS) and further supplemented with a politico-economic analysis (WN). Smith introduced the division of labour as an alternative to sympathy.<sup>139</sup> Thus his theory of the division of labour is a different standpoint for the analysis of the forms of social coherence or incoherence.

Viner (1958) argued that the *laissez faire* liberalism of the commercial society was in contrast to the analysis of the moral sentiments of the TMS.<sup>140</sup> Hont, Ignatief (1983) Pocock (1975), and Forbes (1975) look at this distinction from a different standpoint. They argue that Smith was mainly a civic moralist and, as a moral philosopher, participated in the dispute over virtue versus commerce and luxury. The conflict of humanistic virtue versus economic freedom dates back to the Renaissance for Teichgraeber, III (1986).<sup>141</sup> In other words the freedom realised in commercial society was mainly economic freedom, or as Macpherson put it, "possessive individualism". Smith as a moral philosopher, although he underlined the importance of economic and social freedoms among equal individuals, he highlighted their corrupting effects of unmediated self-love for traditional virtue, especially in a class society with unequal distribution of power and wealth.

<sup>138</sup> The emphasis on the stoic influence in Smith, with regard to the importance of private virtues, self-command, prudence, and industry seems to be important for the recent post-modern discourse on Smith see V. Brown (1993).

<sup>139</sup> Dickey (1986) p. 609, Cohen (1989) p. 66.

<sup>140</sup> In that sense, the neo-liberal view of Viner (1958), is that there is a lack of continuity between the TMS and the WN analysis. Smith's view of the system of natural liberty as it was used to criticise the mercantilistic policies in the market, is used by the neo-liberal argument as the argument supportive of the minimal state policies. For the critique of the neo-liberal argument see Angelidis (1994).

<sup>141</sup> Teichgraeber, III (1986) p. 113. See Pocock (1975) and Cropsey (1975) on the opposition of virtue and commerce (pp. 108-9). Forbes (1975) pointed out that liberty is important also for democracy and the way that political virtues were to be reconsidered (p. 111).

For Stein (1979) the different works of Smith argue for different virtues. The TMS was concerned with moral sentiments, i.e. sympathy, the WN stressed self-interest and rejected benevolence as a force in economic relations. Further he reads Smith's work on the basis of three principles which were dealt with in the TMS, i.e. prudence, benevolence, and justice. The first is the principle important for the WN, the second for the TMS and the third was the subject of Smith's study of public virtue which he never completed.<sup>142</sup>

Hirschman (1977) argued that Smith is primarily an ethical thinker. Nevertheless, his conception of virtue is what still perplexes us. There is a philosophical gap between his moral theory and his economic theory.<sup>143</sup> In the TMS feeling and passion seem to have a noneconomic origin, something that does not seem to be the case for political economy. In the WN welfare is best served by letting each member of society pursue its own self-interest.<sup>144</sup> What seems to be shadowed by this liberal aspect of Smith's political economy is his reconstruction of the diversity of interests on the basis of the division of labour.

In short, the discussion of the "problem" or "pseudo-problem" in Smith's thought gave rise to a number of arguments which addressed the different aspects of Smith's argument. In this chapter I shall argue that a sharp division between Smith's moral and politico-economic thought is bound to misrepresent what Smith's social theory is about, i.e. the articulation of conflicting and rapid developments of the commercial society which affected all aspects of social life and made central issues of social theory individuals' morals, interests, freedom and unfreedoms. The political economy of the latter is to be found in its more complete version in the WN, although it is also discussed in the TMS and the LJ.

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<sup>142</sup> Stein (1979) p. 622.

<sup>143</sup> Hirschman (1977) pp. 111, 122, 123.

<sup>144</sup> *Ibid.*, p. 112.

In chapter one I showed how the reading of Smith as a liberal economist misunderstood his political economy and social theory. In chapter three I examined how Smith analysed commercial society on the basis of the developed form of the division of labour as a form of organisation of labour, of social reproduction, moderation of diverse self-interests. This aspect of commercial society was essential to articulate new forms of social coherence but also the limit of this approach in societies with social and class inequalities and alienation related to it. By the examination of the TMS in this chapter I shall show that self-interest is moderated not merely on the basis of "the division of labour", and on the social level by the distinction among the different ranks, but mainly by an analysis of the system of sympathy, of public and private virtues, when individuals become moral agents and their judgement has a particular universal moral value. Thus the correspondence or lack of correspondence to the general rules, but also the very nature of the universal ideas of the good, led Smith to his idea of the impartial spectator.

The traditional ideas of moral sense, or the identification of sympathy with altruism, were challenged by modern subjectivist ethics. Smith avoided both the relativism of taste but also the individualistic arguments, or what he calls one-dimensional systems. My argument is that this is due to the critical distance of what he calls one-dimensional systems but also the very conceptualisation of modern society that his social theory offers. Therefore the question of beauty, moral or aesthetic judgement, in other words what make us approve or disapprove of the motive or the result of an action is to be found in relation to that level, i.e. his idea of society.<sup>145</sup>

Some form of consistency is also to be found in the critique of commercial spirit as corrupting moral sentiments but also the natural system of liberty and the ways that nature prompts us to use its means and intervene for the sake of further improvement.

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<sup>145</sup> I shall come back to this question while examining Hegel's science of the ethical life which somehow followed the discussion on moral sense.



The standpoint of these critical views is his practical idea of ethics and ideas of priority of the general good and justice. This will be the subject of the last chapter of the discussion on Smith.

Smith's moral theory is to be examined as part of his social theory. That involves the examination of his system of sympathy, the impartial spectator and the way he embodied and differentiated his argument from his predecessors but also contemporaries. This difference lies in his idea of society, and thus implies that moral judgement or the system of sympathy are neither an analytical device nor an empirical system. It is the way to articulate systematically the complexity of the relation between the modern idea of the moral agent and practical ethical relations in the context of a moral community. That is illustrated by a critique of what Smith calls one-dimensional systems. This critical view is presupposed for the relation of interdependence and independence as social value in his political economy and the relations of money exchange. In the TMS, to the extent that Smith offered a critique of moral sentiments in the different moral systems from antiquity to the modern systems of morality, he examined the contrast between different principles of morality and he also offered an account of self-interest as distinct from self-love which is the presupposition of persuasion, exchange and bargaining in the WN.

Summing up, the distinction between the TMS and the WN approaches can be looked at from a different perspective than merely as the opposition between sympathy and self-interest in societies with an extensive division of labour. This chapter reconstructs this relation, viewed from the argument developed in the TMS, in other words, by an analysis of the system of sympathy which endorsed a critique of the modern systems of morality which put forward a different conception of society altogether.

## 2. The system of sympathy.

Smith's system of sympathy sought to identify the social disposition arising from people's nature to sympathise with others by means of their imagination. The very idea of sympathy involves the question of propriety or impropriety of an action and thus of moral judgement and moral sense. In the first section of the TMS Smith offers an assertive account of sympathy in the sense that there is no sympathy for some passions in the same degree as with others. The propriety of an action is somehow the condition of our fellow-feelings. This has led to the misunderstanding that sympathy was often identified merely with altruism, i.e. the conception of sympathy with fellow feeling, but if that was the case for Hutcheson, it was not the case for Smith. The fellow feeling which is the source of sympathy can very well apply with any passion whatsoever, provided that it is in the appropriate degree of moderation (TMS p. 10).

Due to the identification of sympathy with the sentiments of fellow-feeling, the TMS is read as being merely a traditional moral theory, in contrast to the commercial self-interested principles as examined in the politico-economic writings under the influence of the systems of social theory and political economy. In the same way that Smith is not merely a moral philosopher in the traditional sense of moral philosophy, he is also critical of the modern systems of moral philosophy, dealing with the principle of self-love and unsociable principles as the basis of society and human disposition. Thus the system of sympathy can be read as an analysis of social sentiments, but also as a form of moderation of the self-interested motives which were celebrated by the modern systems of social theory.

Sympathy, as opposed to the one-dimensional systems which were based on the self-love principle or the idea of utility, is experienced by the spectator as follows: first, as the process of "changing places in fancy with the sufferer" or the person in the state of

fortune and pleasure (TMS p. 10), "by bringing the case home to himself, he (the spectator) imagines what should be the sentiments of the sufferer" or of the person in good fortune and situation of pleasure. Thus Smith says:

"How selfish soever a man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it except the pleasure of seeing it. Of this kind is pity or compassion, the emotion which we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner; ... for this sentiment, like all the other original passions of human nature, is by no means confined to the virtuous and the humane, though they perhaps may feel it with the most exquisite sensibility. The greatest ruffian, the most hardened violator of the laws of society, is not altogether without it" (TMS p. 9).

Further, sympathy does not arise merely from the view of the passion but also from the situation that excites it. We sometimes feel for another a passion that he himself seems to be altogether incapable of. "When we put ourselves in his case, that passion arises in our breast from the imagination" (TMS p. 12). Smith illustrates that with very vivid examples such as death or rather thinking about death (TMS p. 12), the relation of the mother and the infant, or the situation of giving birth (TMS p. 317). Thinking of death and the dissolution of one's body is enough to make us miserable, although that is not the case for the dead body which is completely insensitive (TMS p. 13).<sup>146</sup>

The aspect of sympathy which applies to a method of detecting is illustrated by Waszeck (1986), in a literary style, when he co-examines Smith's idea of sympathy with Chesterton's "secret" and the crime story of Father Brown. There Father Brown

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<sup>146</sup> This issue is examined from the point of view of the relation between spectator and actor in section 3. The illusory aspect that sympathetic sentiments may involve is addressed as the issue of illusive sympathy. In Smith's words it is expressed as follows:

"our sense of merit is often founded upon one of those illusive sympathies, by which, when we bring home to ourselves the case of another, we are often affected in a manner in which the person principally concerned is incapable of being affected" (TMS p. 78).

explains the method of his detective as a science. His secret is that he is not trying to get outside the actor but instead inside him. Thus he says:

"I wait till I know I am inside a murderer, *thinking his thoughts, wrestling with his passions*; till I know I have bent my self into his posture ... " <sup>147</sup>

This very ability that allow us to sympathise with a variety of feelings and situations, may involve illusion and deception as well as the subjective experience of a particular situation and the sentiments that excites in the particular individual. However, what is the key to the imagination of the sentiment of sympathy is that there is the need to have some correspondence of feelings between the actor and the person that the action was acted upon. The very position of the spectator is also based on its involvement in a particular sentiment or situation. That is precisely *also* the source of deception and illusion since there is bound to be a distinction between actor and spectator, rather than merely a relation of identity, even if actor and spectator are two different states of consciousness in the same person. What is important for the illustration of sympathy is that imaginative moment by which we are able to sympathise with others by being in the "other's shoes" by means of one's imagination.<sup>148</sup> Upon the analysis of this ability to sympathise by means of one's imagination by seeing a particular passion or by observing a situation, Smith introduces his theory of sympathy, illusion and deception, but also of the impartial spectator.<sup>149</sup>

The spectator imagines the happy/unhappy situation, but still from the point of view of his present situation of reason and judgement. In the system of sympathy Smith is aware that the identification of the agent and the spectator is in its nature impossible.

<sup>147</sup> Cited by Waszek (1986) p. 29. Chesterton's stories were the source of inspiration for Bloch while writing his Hegel book in exile in Massachusetts, and of Gilson, an Aquinas scholar.

<sup>148</sup> Smith refers to the relation between sympathy and imagination throughout the TMS pp. 9, 12-13, 21-2, 31, 51-2, 75, 116, 219, 317.

<sup>149</sup> This is the foundation of Smith's social theory, which was not merely a theory based on the sentiments of moral agents.

The agent is affected far more closely. However, the very "illusion of imagination" makes it possible to sympathise with the actor even if what the agent sympathises with does not always correspond to the actual situation (TMS pp. 13, 78).

"Before we approve of the sentiments of any person as proper and suitable to their objects, we must not only be affected in the same manner as he is, but we must perceive this harmony and correspondence of sentiments between him and ourselves. ... The approbation of propriety therefore requires, not only that we should entirely sympathize with the person who acts, but that we should perceive this perfect concord between his sentiments and our own" (TMS p. 78).

Even the simple situation of communication presupposes some sort of sympathetic sentiments and the conscious correspondence between these sentiments. This is the double condition of the sympathetic feelings of the spectators. The lack of conscious correspondence between their fellow feelings may lead to mutual intolerance and lack of correspondence and thus absence of sympathy (TMS pp. 21-2). Therefore, what makes possible the correspondence of sentiments between the spectator and the person principally concerned is the attempt of the spectator to put himself in the situation of the other. The fellow feeling can be represented as an imaginary change of situation as perceived by the sympathetic feelings.

The evaluative aspect of the system of sympathy is expressed in the analytical distinction between direct and indirect sympathy.<sup>150</sup> The explanation of the different degrees of sentiments and their moderation is based on the different types of relations which connect the spectator with an external situation or object. A benevolent action is approved *directly* by entering by the means of imagination into the benevolent motives of the agent. *Indirect sympathy* is what one feels by entering into the gratitude for those motives felt by the beneficiaries of the actions of the actor. In the case in which a benevolent action raises the resentment of the person that the action is acted upon, indirect sympathy is the sentiment felt and thus disapprobation and

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<sup>150</sup> For the use of this distinction see the section on the impartial spectator and moral sense and also the critique of the one-dimensional systems.

demerit. In other words the distinction of direct and indirect sympathy involves a sense of merit and demerit (TMS p. 75).

The perception of fellow-feeling turns out to be more a question of merit or demerit than merely fellow-feeling. The sense of merit is analysed in a twofold way. Firstly, the propriety of conduct arises from the direct sympathy with the affections and motives of the person who acts. Secondly, the sense of merit arises from the indirect sympathy with the gratitude of the person to whom the action is acted upon. In other words, the sense of merit is a compound sentiment, and is made up of two distinct sentiments; a direct sympathy with the sentiments of the agent, and an indirect sympathy with the gratitude of those who receive the benefit of his/her actions. The merit corresponds to the social passions on which sympathy is founded. The sense of demerit is also a compound sentiment, the "direct antipathy to the sentiments of the agent, and an indirect sympathy with the resentment of the sufferer". This corresponds to the structure of the unsociable passions (TMS pp. 74-5) that I shall deal with in section four of this chapter.

Finally, there is the distinction between habitual and universal sympathy. The former is to be noticed in the family or among people in a group. The first is a more precise and determinate and the latter a more abstract and universal form of sympathy. It requires not only a sentiment excited by habit, but one which ought to be universal. However, sympathy could be better comprehended on the basis of mutual friendship, which is distinct from both habitual and universal forms (TMS p. 219).

In short, sympathy for Smith is a more complex sentiment than it was thought to be in Hutcheson's moral theory, as the analysis of the sentiments of the members in a natural community and of relations of love and altruism. For Smith it is not merely identical with the particular content of the fellow-feeling but is the system that gives rise to a variety of contents and feelings but also of deception and thus Smith

underlines the illusory aspects of sympathy.<sup>151</sup> That lead Smith to his theory of the impartial spectator and his account on moral sense.

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<sup>151</sup> The use of the argument of natural deception is illustrated in the context of Smith's social theory as an examination of the doctrine of consciousness, nature and reason. See also Oncken (1897) p. 445. Smith expounds the origin of ambition or of the distinction of ranks, a thesis known in the literature as the illustration of the doctrine of practical consciousness. See section five.

### **3. The impartial spectator, moral sense and reason.**

The idea of the impartial spectator did not appear in its complete form in the very first edition of the TMS but was further developed in the later editions as a reply to questions that the first edition raised. Raphael, who edited the TMS, offers a detailed account of how Smith modified his ideas on the impartial spectator from one edition to another. What he did have in the first edition of the TMS was a theory of moral judgement based on Hume's and Hutcheson's ideas of morality and moral sense. The idea of the impartial spectator became more important in relation to the questions of justice and the need to make a judgement about the quality of a particular action, but also the idea of the just punishment.<sup>152</sup>

More precisely, in the first edition the impartial spectator is a state of imagination and due to imaginative impartiality it is possible to approve or disapprove of one's conduct. In the second edition, in reply to the comments he received on the first edition by Sir Gilbert, Smith modified his views that the impartial spectator "as the man within" may judge differently from the actual spectator, "the man without".<sup>153</sup> The voice of consciousness is not purely a reflection of actual social attitudes, and it is not merely identified with popular opinion. Although in the first edition society has a priority to the individual's imagination, in the second edition he reverses this relation. In the sixth edition he distinguished between the vanity to be praised and the praiseworthiness of an action, and that is the argument that he employs to criticise the one-dimensional systems. Overall, the judgement of the impartial spectator presupposes the possibility of imagining oneself in the position of the impartial spectator and thus the system of sympathy.<sup>154</sup>

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<sup>152</sup> Raphael (1972) p. 9.

<sup>153</sup> Ibid., p. 11.

<sup>154</sup> Ibid., p. 16.



Raphael, in his attempt to connect Smith's theory with contemporary discussions, seems to rule out the practical and ethical aspects of Smith's argument and reduces Smith's theory to an empirical theory of individual consciousness. In other words, if the idea of the impartial spectator is not to be merely viewed as a moral imperative, then it must be looked at as the process of the formation of judgements and of consciousness and not either as a normative or as an empirical concept.<sup>155</sup> The practical content of moral judgement involves both the empirical aspect of the individual and public opinion but also conceptions of the good as subject of practical ethics.

In studying the TMS the reader finds out that the idea of a spectator is mentioned on several occasions and somehow it does have an important role to play in Smith's system of sympathy. Impartiality and disinterest seem to be the condition of both sympathy and of the possibility for the formation of moral judgement. The measure of fitness or propriety of affection can be judged by means of the sympathetic feelings of the impartial and well-informed spectator; first, about the motives that led to an action and second, of the way that this action was received by the person who is acted upon. In addition, every moral actor can be an impartial spectator by means of his/her imagination, and by being well informed about the motives and the effects of an action.<sup>156</sup>

However, impartiality in the case of the immediate action is only possible provided that the moment of the action is not identified with the reflection upon the action (TMS p. 110). According to Smith, the impartial and real spectator can judge an action by examining the situation of someone who is about to act or after somebody has acted. In the first case, all justify themselves under the veil of self-delusion, hiding from view the deformities of their conduct (TMS p. 158). The standpoint of the

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<sup>155</sup> Ibid., pp. 19-21.

<sup>156</sup> The impartial spectator may be seen to correspond with the role that Kant's categorical imperative plays as the criterion and condition for the formation of moral judgement.

impartial spectator could appear in the second level when the action is done. Mainly it seems that the impartial spectator is identified with the third person who perceives both the motives of the actor and the result of the action in the person that the action was acted upon or of the object of action (TMS p. 135). The impartial spectator, by means of the imagination, enters into all the motives which may motivate an action. Despite the possibility to enter into others' motives by means of one's imagination, it is difficult to achieve identification with the actor or the agent of action. Since the only means of sympathising with the agent's position is by imagination, there is always the possibility of illusion and natural deception involved. In terms of Smith's social theory there lies the possibility of deception and corruption of moral sentiments, as shown in sections two and three. Even so, for the person acting, it is difficult to be so detached as to see his action with the imaginary distance of the spectator, in particular at the moment of action. This may happen only after the action is over, i.e. when the agent could enter into an earlier state as a past moment and by means of reflection.

What is important to underline is that the impartial spectator, either as the internalised spectator to judge one's action or as the third person, has to be looked at in relation to the system of sympathy and of direct and indirect sympathy. This approach was what distinguished Smith from the tradition which related sympathy and indifferent moral sentiments with the concept of moral sense.

Moral sense is addressed as "the peculiar power of perception" (TMS pp. 321, 266) wherefrom arises the "faculty of judging" (TMS p. 158). For Shaftesbury and Butler it was discussed in terms of the motives of the moral agent. For Hutcheson, the basis of moral judgement was disinterested motives.<sup>157</sup> For Hume, moral sentiment became the sentiment of approval or disapproval of pleasure and displeasure, and it arose from sympathy as the basis of moral approval.<sup>158</sup> Smith raises the question of the

<sup>157</sup> According to Macfie and Raphael (1976), for Hutcheson moral sense is the capacity to feel approval, analogous to the sense of beauty and the sense of honour (p. 14).

<sup>158</sup> Raphael (1972) pp. 6-8.

formation of general rules of morality founded upon the experience of what, in particular instances, one's moral faculties approve or disapprove of. When these rules are universally known and established, they become standards of judgement. Though general rules are important for judging a particular action, they can not simply be imposed on a particular action (TMS p. 160). In the case of moral sense the general rules arise in relation to particular relations, i.e. to the natural disposition which is propagated by the sentiment of sympathy and confirmed by education.

From the moral viewpoint, the source of moral distinction between good and bad seems to precede all law and does not seem to arise directly from reason or feeling. This distinction does not merely arise from human nature either, as natural law theories argue.<sup>159</sup> According to Hobbes's natural law theory, the state of nature is the state of war, therefore the civil government is the supreme magistrate to avoid mutual destruction and preserve society. "The laws of the civil magistrate, therefore, ought to be regarded as the sole ultimate standards of what was just and unjust, of what was right and wrong"(TMS p. 318). The Hobbesian view underlined the importance of the law laid by the civil magistrate and no other authorities, such as ecclesiastical or moral.<sup>160</sup> The counter argument against Hobbes was that the civil law imposed by the magistrate is not the source of moral distinctions and its indifference can not judge moral matters.

However, Smith uses some aspects of Hobbes's rationalism. Although reason can not decide about moral issues, there can be a presentation of the distinction between vice and virtue on the basis of reason. In distinction to vice, virtue is *the conformity to rules of reason* which are the source of moral maxims and of general laws of morality.

<sup>159</sup> Smith offered a critique of rationalism by criticising Hobbes's views in VII. iii. 2. 1, while examining the different systems of moral philosophy. Hobbes's system is one of those that make reason the principle of approbation.

<sup>160</sup> Hobbes's natural law theory had as its purpose to support the idea of order in society. In a situation of civil war Hobbes thought that political power was the one that could guarantee this order. Verbung (1991) p. 139.

It is rather with respect to virtue as the conformity to reason, and vice as the violation of it, that judgement is made. In some respects the faculty of reason may very justly be considered as the source and principle of approbation. Thus, by means of this approbation the general rules of justice which ought to regulate one's actions are formed (TMS p. 319).

Smith introduces an idea of reason according to which the general rules are formed from experience and by means of induction from particular cases under a general idea or maxim. Although reason is important for these general ideas and maxims to regulate the formation of the greater part of our moral judgements, reason is not the source of the first perception of right and wrong. The latter source is the immediate feeling and moral sense, rather than reason, which is indifferent to moral and assertive content, i.e. pain and pleasure or objects of desire and aversion of the immediate feelings and sensation. Thus Smith did not rule out the Humean views on the formation of judgement, which is also influenced by the immediate feeling. But the critique of this approach applied also to the critique of utilitarianism.

Smith endorsed Hutcheson's argument against the moral systems that set as their main principles self-love and reason, and distinguishes between moral sense and reason and the degree in which they affect our judgements (TMS p. 321). Moral sense for Hutcheson is the power of perception, which is illustrated by the distinction between direct and indirect senses. The indirect senses are related to the faculty of "reflect senses" as opposed to the "direct senses", which refer to the direct perceptions such as colour and sounds. To perceive harmony or beauty we need the former rather than the latter, which reflect indirect senses rather than the direct senses (TMS p. 322). That is what Locke calls reflection or internal sense.<sup>161</sup>

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<sup>161</sup> It may be argued that there lies the distinction between direct and indirect sympathy.

According to Hume's sceptical approach, the first perceptions upon which the general moral principles are founded are the object of *immediate* feeling and utility.<sup>162</sup> But these first perceptions on the level of sentiments, although possible, do not have the means of distinguishing virtue from vice. These perceptions are accepted for their own sake. Therefore, the actuality of the immediate sentiments is presupposed for the possibility of the distinction between both: immediate sentiments and reason. But the consciousness of the difference between them is only possible by means of reason. However, reason in a certain sense may justly be considered as the principle of approbation or disapprobation. As Hutcheson argues, all moral distinctions arise from reason but in some respect are founded upon immediate sense and feeling.

Smith's argument on approbation is summarised by the identification of four different sources of approbation: first, we sympathise with the motives of the agent; second, we enter into the gratitude of those who receive the benefit of his actions; third, we observe that his conduct has been agreeable to the general rules by which those two systems generally act; and last, when we consider such actions as making a part of a system of behaviour which tends to promote the happiness either of the individual or of the society, they appear to derive a beauty from this utility, not unlike that which we ascribe to any well-contrived machine (paraphrase TMS p. 326).

"After deducting, in any one particular cases, all that must be acknowledged to proceed from some one or other of these four principles, I should be glad to know what remains, and I shall freely allow this overplus to be ascribed to a moral sense, or to any other peculiar faculty, provided any body will ascertain precisely what this overplus is" (TMS p. 326).

This articulation between sentiments is what is called moral sense, which is not only an abstract articulation. Moral sense is decisive to judge whether the action is virtuous or vicious, and whether it should be accompanied also by the sentiments of

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<sup>162</sup> See TMS part IV.

self-approbation, i.e. the consciousness of the motives of the agent and the approbation or disapprobation of them (TMS p. 178). Therefore, the concepts of reason, approbation, and moral sense, in Smith's terms, are connected with the faculty of perception but at the same time are distinguished from it. It is reason which brings the consciousness of the distinction between the faculty of the perception of sentiments, the faculty of reason the moral sense and the cause of approbation. But I shall come back to this issue when discussing the question of propriety.

#### **4. Propriety, utility, beauty and the formation of a just order.**

This section contrasts the ideas of utility of beauty and argues that Smith is not simply an utilitarian, as has been misread in some of the contemporary discussions.<sup>163</sup> The question of propriety-impropriety, as of merit-demerit, approbation and disapprobation, of an action and virtue involves an analysis of the system of sympathy and the idea of practical moral judgements. Thus Smith in part IV of the TMS argues against the argument which bases moral judgement on utility, since what is at stake is the appearance of utility rather than utility itself. Hume argued that utility can be the source of beauty, convenience and efficiency and thus becomes the source of pleasure and has an effect upon our sentiments of approbation. In social matters Smith examines the appearance of utility and its deceptive effects about social matters, as shown in section two.

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<sup>163</sup> Rawls (1973) highlights that Smith's argument noted the difficulties with the principle of utility. These difficulties were resolved either into utilitarianism or into rational intuitionism, i.e. the argument of human nature and disposition (p. xv). The basic contradiction of the utilitarian argument, according to Rawls, is that it "adopts for society as a whole the principle of rational choice of one man. Once this is recognised, the place of the impartial spectator and the emphasis on sympathy in the history of utilitarian thought is readily understood" (p. 27). In that sense the classic utilitarian argument did not take into account the distinction between persons. Van Holtoon (1993) argues for the utilitarianism in Smith's thought without even pointing out the problematic nature of utilitarianism (p. 48).

There are three levels which are presupposed for the actual approbation or disapprobation of a particular action: first, the level of sentiments, second, the actual perception, third, the result of utility or disutility. These moments are distinct and essentially different from the perception of beauty. The enhancement and enlivenment of "the sentiment of approbation always involves in it a sense of propriety quite distinct from the perception of utility" (TMS p. 188).

However, the question is still open. How does Smith relate the *sentiments of propriety* to that of *perception* of the beautiful and taste? He offers an account of Buffier's ideas and argues that habit and custom is not the only source of our sense of beauty or deformity, as Buffier argued. What Smith underlines is the utility of the form which is perceived on an aesthetic basis;

"the utility of any form, its fitness for the useful purposes for which it was intended, evidently recommends it, and renders it agreeable to us, independent of custom" (TMS p. 199).

In other words, it is not only custom and habit that have impressed upon our imagination our ideas of beauty and deformity. The very nature of a particular form and its end, as its indispensable content, may as well be independent of custom and habit.

The feeling of pleasure and the ability to sympathise with others according to one's disposition is the basis for sociability even for the most selfish person, as I have shown in the examination of the system of sympathy. In other words, there is a difference between the sentiments of sympathy and the perception of utility.<sup>164</sup> This difference, more than having its basis in habit, custom, or merely usefulness, is to be perceived on the basis of the purposiveness of a particular form. It is also a disposition of our mind, the tendency to usefulness, and is the ground "for the sentiment of approbation

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<sup>164</sup> Introduction in TMS by Macfie and Raphael (p. 14).

which involves the sense of propriety quite distinct from the perception of utility" (TMS p. 188).

To illustrate the pleasure arising from beauty Smith uses the example of natural beauty or the observation of a well-ordered machine in which there is co-ordination between its parts and its ends. At first sight, sympathy is that sentiment which arises from the perception of the beauty of a well-ordered and harmonious system (TMS p. 87). By the analogy of the system in the WN, Smith means that "different observations are connected with a few common principles" (WN B V, 291). This conception of the system finds an application also in moral philosophy. Sympathy for Smith's moral system illustrates the difference between the perception of the harmonious relations (between parts and ends) and the sympathetic sentiments of approbation which have a social and moral origin. This distinction between naturalism and the natural idea of beauty and harmony is important for the aesthetic foundation of Smith's moral theory.

The two faculties, the perception of beauty and the sentiment of propriety and approbation, do not necessarily run counter to each other. They are different in the same way that understanding is different from reason. The latter faculties find their application, for example, in higher mathematics and science, but if they are to find public admiration they must be accepted as the utility of science, otherwise their sublime discoveries are depreciated as useless (TMS p. 189, WN B V, p. 293). In other words, utility does not exclude approbation and the perception of beauty.

The system of sympathy is central for the explanation of the sense of propriety and approbation, and due to the latter sympathy is distinguished between direct and indirect sympathy. The question of beauty and taste in nature is related to the question of the social, moral order as what "would be" is related to "what is". The perception of harmony in nature arises from the cooperation of all its parts to one



principle according to an end. This perception of the beauty of nature is at the same time the perception of the end of nature as the beautiful and harmonious order.<sup>165</sup> In the case of moral nature it is the relation between our moral sentiments and the general principles of reason.

Smith re-examines abstract formalism and reason from the point of view of the moral sentiments and the way they are formed. However critical he may be, he does not reject reason or moral rules altogether. Instead he deals with the process by which rules are established on the basis of one's experience and the sense of propriety as arising from action, impartiality and moral sense (TMS pp. 159-161). This process of establishing moral rules presupposes the rationality of the division of the different human faculties and their uses according to their particular nature. The faculties of perception are separated, but also co-ordinated according to an end which is the progress of human nature in a way that is just and desirable. In this way human nature is expounded as the process that improves nature according to its understanding of nature and man's moral principles. There seems to be a strong conception of "rationalism" in the analysis of moral sense and of the sentiments of nature and thus Smith avoids the contrasts between natural moral sentiments and moral sense.

While examining the general laws on the level of society Smith underlined the importance of them being in correspondence with human sentiments. That is the way for Smith that public spirit is advanced. But also in relation to natural teleology and how things are, Smith does not merely offer a descriptive argument. He holds that

"Thus man is by Nature directed to correct, in some measure, that distribution of things which she herself would otherwise have made. The rules which for this

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<sup>165</sup> This teleology of nature is developed also in Kant's *Third Critique* as *Zweckmässigkeit*. Kant explains this teleology as the "conformity to the law without law". This law is the necessity of the understanding which should be "at the service of imagination" (par. 22). Ioannidou (1991).

purpose she prompts him to follow, are different from those which she herself observes. She bestows upon every virtue, and upon every vice, that precise reward or punishment which is best fitted to encourage the one, or to restrain the other" (TMS p. 168).

This distinction seems to reflect the different degrees of the distinction between "is and ought", as Hume put it, but also the practical need of evaluation of an action. In addition, for Smith it is natural and proper for man to change the order and distribution of nature in the way which brings it into accordance with the standards of propriety. This need seems to be found in nature itself and therefore persons are to change the distribution of things, i.e. the natural course of things. These changes may as well be in favour of virtue. The possibility of change in the distribution of things lies in their natural course, which, as is pointed out, "is rapid and difficult to control". Nevertheless, ends should be acquired only by the means nature has established. This is unavoidable and necessary, but also there lies the possibility of virtue (TMS p. 169). The principle of virtue in its actuality promotes order in society, and thus Smith, in contrast to earlier systems of moral philosophy but also of the modern systems, underlined the relation of moral judgements with practical questions in a just well-ordered society.

##### **5. Moral sentiments and the critique of their corruption.**

Smith's ideas on the well-ordered society as expressed on his account of public virtues was an essential part of the TMS. However, in societies of inequality of wealth and power he observes that luxury and power can be more likely to be the motivation for an action than public virtue. This moral observation was associated with the rise of commercial society and is also to be found in Ferguson's *Essay on the History of Civil*

*Society* (1767), where he pointed to that the separation between higher and lower classes as the result of the division of labour, to be found also in the LJ and the WN.

The emphasis in the TMS is on the analysis of the principle of authority and the way that, in combination with the principle of utility, it can result in the corruption of the moral sentiments. In both TMS and the LJ Smith argues for two principles which induce men into society, and more specifically in civil society (L p. 9). The relations of authority and dependence are exposed on the basis of an argument of social interdependence but also on an argument based on the corrupted aesthetic sentiments. In other words, the way that individuals utilise the socially accumulated perceptions and wealth as part of their individuality is the basis for the distinction of authority and non-authority. The difference consists in the socially mediated relation to the advantages or disadvantages that the social position of individuals implies.

Smith observes in both TMS and the WN that it is in human disposition to admire the persons who have power and are subjects of social approbation. The means for acquiring it in commercial society is wealth (WN I p. 35). In the TMS Smith is more extensive in his analysis of the difference between the public and private person. He says that the man of rank and distinction is the object of sympathy and public attention. His actions are the object of public care, the object of observation and fellow-feeling. This becomes the object of desire and the source of anxiety, because one's imagination draws in those delusive colours the abstract idea of the perfect happy state. In this way, spectators feel a peculiar sympathy with those who are in this situation. The spectator "feels in his breast more compassion and resentment" for anything that would put an end to their perfect enjoyment (TMS p. 52). The reasons that give occasion to this abstract idea of the happy state are supported by the idea of propriety and education for their public activities which leads people into submission to authority, as supplementary to rank and pre-eminence, in the same way that the power of a king is supported by his educated talents and his virtues. Therefore, the

public man has the combination of authority, means, and education, which are approved as what is proper to public activities and he is recognised through that as a public person.

In contrast, the private man ought to have virtues different from the public person. The people's dependence on the rich and powerful should be balanced with their private capacities and virtues, such as the labour of their body, the activity of one's mind and superior knowledge and industry. The lower orders' virtues are professional abilities, and their respectful relation to the law arises from the fact that they can never be great enough to be above the law. Therefore, for them the rules of justice are important. Although as a matter of fact it is a human disposition from which the admiration of the superior power, wealth, etc., arises, this disposition is constructed according to the already existing social orders and ranks. The propriety and admiration of a certain public activity should be in accordance with the social duties that it has to serve. As Smith points in the LJ the poor support themselves by their work and though they expect no benefit from rich and wise, they have a strong propensity to pay them respect (LJ 1964 p. 9). What the people should wish is to gain love, friendship and esteem among their equals (TMS p. 66). However, the persons of distinction and higher rank know that they do not possess these private talents and virtues. That makes them unwilling to expose themselves to danger or even to meet duties which need a certain type of private virtue. In this way Smith describes the interdependence between the different ranks that arises from their different roles and duties in an ordered society.

On the whole Smith does not see much difference between the satisfactions of the beggar and the king, even if the means for their satisfaction are different, even though it is in the human disposition to try for the bettering of one's condition. The reason for the latter has its source in the desire of being the object of attention, sympathy, and approbation. The paradox is that people's nature has a tendency to deceive.

Their moral sentiments are dependent on the means of the rich and the powerful, and their dependence at the same time impels them to the development of some other private virtues which are proper for the tasks which they have to serve. This relation between means and ends is illusory. According to the doctrine of nature, they are dependent on the means (wealth, power) which excite their sympathetic sentiments. The dependence on this means, impels them into the development of virtues which lead to a sense of self-importance.

According to Smith, moral corruption does not come from the separation of means and ends, but from vanity and the impropriety which is related to empty ambition. For Smith "natural illusion" involves the identification of the motive for social approbation, by achieving greatness which is conceded to be the end, with the means such as wealth. The corrupted ambition and vanity leads to disorder and the violation of the laws.<sup>166</sup> Therefore, the reason why this natural illusion and the corrupted ambition exist lies in the fact that there is more respect and admiration for wealth and greatness than for wisdom and virtue. These societies in which the above virtues are held in the utmost contempt and derision are corrupted.

Smith's argument, though it starts from an analysis of human disposition, seems to be in harmony with the social need of stability. The origin of the distinction of ranks and of the order in society is founded in the "natural" disposition of the people.

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<sup>166</sup> This primacy of public utility is what supports Smith's argument of justice and peace in society in the L (L ed. 1964 p. 10). On the basis of the difference of the principles of utility and authority Smith distinguishes between the different forms of constitution such as monarchy and democracy. His argument goes as follows: men in general have their own reasons to follow these principles according to their natural dispositions or because it is right to do so, because they see others do it, because it is a sin against god or because of their sense of obedience. The power of government is not bound to these subjectively viewed motives for obedience and the sense of public utility. The foundation of a duty or of obedience in this case cannot be a principle with which mankind is entirely unacquainted. Individuals must have some idea, however confused, of the principle upon which they act (L 1964 p. 12). What Smith argues for in the Lectures is the principles of utility and authority in the way they are perceived by individuals. Contract is rejected as inadequate to support obedience to civil government and thus secure public benefit. Instead the principles of authority and utility which are perceived as subjective reasons for the individuals can be the source of public utility and thus the safeguard of public peace (L 1964 p. 13).

"Upon this disposition of mankind, to go along with all the passions of the rich and the powerful, is founded the distinction of the ranks, and the order in society. Our obsequiousness to our superiors more frequently arises from our admiration for the advantages of their situation, than from any private expectations of benefit from their good-will. ... We desire to serve them for their own sake ..." (TMS p. 52).

In this way the order in society is best supported. But the paradox is that "even when the order of society seems to require that we should oppose [the rich and powerful], we can hardly bring ourselves to do it" (TMS p. 52).

"This disposition to admire, and almost to worship, the rich and the powerful, and to despise, or at least, to neglect persons of poor and mean condition, though necessary both to establish and to maintain the distinction of ranks and the order in society, is, at the same time, the great and most universal cause of corruption of our moral sentiments. That wealth and greatness are often regarded with the respect and admiration which are due only to wisdom and virtue; and that the contempt, of which vice and folly are the only proper objects, is often most unjustly bestowed upon poverty and weakness, has been the complaint of moralists in all ages" (TMS pp. 61-2).

The hypocrisy of beauty when this beauty is based in the dependence or admiration of the means is an expression of moral corruption, and in social matters leads to the violation of the laws, which are treated merely as means to wealth and greatness. The latter form of corruption is associated with the rise of commercial society where the principles of virtue and wisdom seem to play a secondary role (TMS pp. 61-2).<sup>167</sup>

In terms of the system of sympathy, the excited sympathy in the above case is only indirect sympathy with the means, rather than redoubled sympathetic sentiments. The excitement of the sympathetic sentiments and the approbation of propriety of an

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<sup>167</sup> Phillipson (1983) points out the attitude in commercial wisdom to identify the means with political wisdom and virtue. He points out the importance that the latter have for Smith, who is critical of this type of identification (p. 181).

action or situation, requires not only that the spectator should sympathise entirely with the person who acts, but he/she should also perceive this perfect concord between his/her sentiments and the spectator.

The disposition to admire and to imitate the rich and the great is what Smith calls fashion. This results in hypocrisy and the pretension to be what one is not. This situation creates suspicion and corruption (TMS pp. 64-5). Ambition, splendour, and prosperity are the results of the desire for the sympathy of the others, but also the sources of vanity, tumult, injustice, and avarice.

The doctrine of reason and philosophy is unlike that of nature and fashion and in that sense the given social order is not best possible. The person of fashion who seems to be more admired according to the doctrine of nature is different from Smith's legislator or philosopher who is the person of virtue. According to the doctrine of reason and philosophy "that kings are the servants of the people, to be obeyed, resisted deposed, or punished, as the public conveniency may require" (TMS p. 53).

In the chapter on the character of virtue Smith says that the political speculators and sovereign princes are most dangerous when they consider the state as made for themselves, and not themselves for the state. According to Smith, the task of modern political authority is the reform and removal of obstructions on the way to a well-ordered society. This means the reduction of the authority of the nobility, the abolition of the privileges of cities and provinces, and the prevention of the conflict between individuals and the orders of the state by rendering them incapable of opposing its commands. For Smith the independent state is divided into different orders which, according to the way of their composition and the particular distribution of powers and privileges, forms what is the constitution of the particular state (TMS p. 230). The stability of the constitution guarantees the security and protection of the different orders dependent upon the state (TMS p. 231).

For Smith the idea of achieving the best possible harmony in social matters is a combination of what is and of what would be. Thus the "is" "ought" conflict is to be bridged by the political activity of the wise legislator. Thus political intervention is to resolve the conflicting and corrupting tendencies in society of inequality and wealth, even though the intervention has to follow the principle of the motion of every single part in society. Smith uses the metaphor of the chess board to describe the different motions which have their own rules and the intervention, if it is to be successful, has to co-ordinate the motion of the part rather than merely being imposed in them (TMS p. 234).<sup>168</sup>

#### **6. The moderation of passions and public virtues.**

Private passions may as well become private virtues provided that are to be on the appropriate degree, as Hutcheson had shown. The key issue is the moderation of particular private passions. A list of private virtues characteristic of the private person may be the habits of economy, industry, discretion, attention, and application of thought, which in general are cultivated out of self-interested motives and, in addition, are known to be praiseworthy qualities in society. At first sight public virtues seem to be in contrast to private virtues but also to self-interested motives. What differentiates private virtuous habits and activities, and self-interest is their degree and propriety which is the condition for their approbation (TMS p. 304). In the same way, self-love is a principle which is not always vicious but its moral quality is to be judged in its relation to the idea of the general good.

Therefore, passions in general are not rejected or contrasted to virtue, but could advance to virtue when they are in the proper degree, as Hutcheson argued. Consequently, the impartial spectator is disposed to sympathize with every passion

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<sup>168</sup> For an account on society viewed as the chess board see *Ibid.*, chapter V.



which accords with propriety (TMS p. 242). For Smith it is important to notice that the most agreeable degree of passions, emotions and habits, for the impartial spectator, is likewise most agreeable for the person himself. That implies that the impartial spectator judges *as if* he had the knowledge of the motives of the person who acts. This correspondence seems to be the result of the propriety and knowledge which is essential for individual moral dispositions. In this case the moderation of the sentiments of self-love arises mainly as a capacity of the person to be practical and the possibility of the actualisation of virtue.

In TMS Smith offers a typology of human passions and, as has been argued, one source of his ideas of moderation was a stoic influence. Principles such as prudence and self-command seem to be central for Smith's conceptions of private virtues. Self-command is the source of the moderation of passions, and it is essential for the articulation of private virtues and the moderation of selfish passions. Moderated passion excites the sympathy of the impartial spectator, and in general is the subject of approbation. Self-command is a private virtue, and other virtues seem to derive their principal worth from it, as the possibility of the actuality of other virtues (TMS p. 241).

Smith says that the virtue which concerns the happiness of the person is the virtue of prudence. The virtue arising among related persons is the virtue of justice and benevolence. These virtues come out of the position of the supposed impartial spectator and have a moderating effect on our sentiments, and out of our moderated self-love, which is expressed through our self-command. The moderation of self-interest is introduced in parallel with the moderation of the opposition of "what is" and "what ought to be". This moderation is described along with what "would be", the sentiments of other people in such a way that allows the impartial spectator to enter into and sympathise with those sentiments. Smith argues for the approbation of self-command which has a strong sense of propriety in it (TMS p. 264).

However, the question of self-love arises in its general actuality as a part of the issue of the propriety of action. The sense of the propriety of action leads to sympathetic sentiments. Therefore, the typology introduced in the second section of the propriety of action is important. What is the "degree" that makes the motive of an action proper? What is the criterion for this and how does it arise? These questions are important because this is the standard that excites the approbation or disapprobation of the impartial spectator. If the passion is too low or too high the impartial spectator cannot enter into it, the sentiments that the spectator can go along with, are of a certain mediocrity (TMS p. 26). Here the issue of the "propriety of passion" reveals that what is at stake is the mediocrity of a certain passion, which changes in relation to the particular quality of the different passions. There are passions for which there is little sympathy and others for which there is great sympathy (TMS p. 27). What is the reason for this? The typology that Smith introduces is as follows: there are passions which have a natural cause and others that take their origin in the imagination (TMS p. 29). Mainly in the second case (which is more important for Smith's system of sympathy), what we sympathise with or not is not the object of the senses but the *idea of our imagination*.

Unsociable passion excites "unsympathetic" sentiments, or to put it in terms of the system of sympathy, there is an opposition between direct and indirect sympathy. Unsociable passions such as hatred and resentment exacerbate the opposition between direct and indirect sympathy, and thus sympathy appears as a divided sentiment. In other words, there is a lack of correspondence between the motives of the actor and the person who is object of them (TMS p. 34). The selfish passions hold a middle place between the social and the unsociable passions, and they are in their constitution neither social nor unsociable (TMS p. 40).

In the case of social passions, the division between direct and indirect sympathy is one of correspondence since the feeling or motives of the actor and those of the person

that the action is acted upon are in correspondence. To put it differently, there is a coincidence between the motives and the desire of the agent and its effects in the person who is the object of it. Therefore, the divided sympathy instead of being led in opposition is redoubled and renders agreeable sentiments. This type of sympathy is the one which promotes the public spirit in the social constitution.

### **7. The principle of self-love and sympathy.**

"The idea, in short, which those authors [Hobbes, Mandeville br. added] were groping about, but which they were never able to unfold distinctly, was that indirect sympathy which we feel with the gratitude or resentment of those who received the benefit or suffered the damage resulting from such opposite characters: and it was this which they were indistinctly pointing at, when they said, that it was not the thought of what we had gained or suffered which prompted our applause or indignation, but the conception or imagination of what we might gain or suffer if we were to act in society with such associates" (TMS p. 317).

Having dealt with self-love as neither a social nor an unsociable passion, Smith examines the modern systems of moral philosophy which are based on the principle of self-love, i.e. they deduce any activity or judgement from self-love.<sup>169</sup> Both Hobbes and Mandeville, despite the differences in their approach, argued that all sentiments have their source in the principle of self-love. For Smith self-love is a fundamental principle to understand and explain individual action but also the basis for communication among strangers on the social level. However, Smith's approach

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<sup>169</sup> Psychopedis (1990) emphasises the difference between a critical approach that Smith introduces and a Hobbesian approach based on egoistic action. According to Psychopedis, Smith disputes the Hobbesian stand-point of an unmediated selfish principle. Smith, by having a virtuous social model, from which approbation and disapprobation arises, brings about moderation of the one selfish principle from which, according to Hobbes, the approbation or disapprobation arises. This moderation for Smith is not necessarily a result of the fear of the law, but of the knowledge of the law and of the relation to the other members of society. From the stand-point of the politico-economic analysis, the moderation of selfishness leads to the theory of the division of labour which is the initial presupposition but also the condition and criterion for the success of the selfish purposes (p. 12).

goes beyond it by articulating the system of sympathy and by analysing the structures of illusion (TMS p. 14 f). Smith's analyses of sympathetic sentiments avoids the confusion which arises from Hobbes's idea that every quality arises from the principle of self-love, which is the principle of every human action (TMS p. 314).

Smith's critique of Hobbes and Mandeville, as it is put in terms of his system of sympathy, is that they identified sympathy with indirect sympathy and thus missed the relation of direct and indirect sympathy and the different qualities that are illustrated through that (TMS pp. 75-6). Direct sympathy is the sentiment that someone feels for the agent who acts; indirect sympathy, the sentiment for the object of the action. According to the system of sympathy, the quality of the principle of self-love is rendered as indirect sympathy.

What is less felt is that we sympathise with the agent by imagining ourselves in his position (this is direct sympathy), and by means of indirect sympathy with those to which the action refers. When someone feels direct sympathy for the motives of the agent, he actually feels indirect sympathy for the sufferer or the one who benefits from the action. In short, the only sentiment that could be felt is indirect sympathy, which is different from taking the sentiment of self-love as the principle. For example, the fact that the well-ordered and harmonious society benefits people who participate in it because of self-love does not mean that sympathising with the beauty of the harmony of parts and ends is the same as sympathising with the selfish motives of the individuals.<sup>170</sup> The sentiment someone can feel for the self-love of the individuals is

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<sup>170</sup> Pufendorf and Mandeville were to be put under the same category as Hobbes with regard to the principle of self-love.

"According to Mr. Hobbes and many of his followers man is driven to take refuge in society, not by any natural love which he bears to his own kind, but because without the assistance of the others he is incapable of subsisting with ease or safety" (TMS p. 315).

On this account, society becomes necessary for man and its interest becomes the individual's own interest. The self-love sentiment applies in the calculation of the utility that the individual finds, through refuge in society. The selfish individual sympathises indirectly with the benefit that is received from the well-ordered system of society. Smith insists that sympathy to the idea of the well-ordered society is different from the benefit that this could provide to the individual, i.e. it is based on the pleasure of observing the order in society and this argument is an essential part of his

indirect sympathy, but not the sympathy which arises from the synthesis of direct and indirect sympathy.

The sympathy Smith argues for cannot in any sense be regarded as a selfish principle. It arises from an imaginary process in which the spectator takes the position of the person who is principally concerned. Thus imaginary sympathy cannot be the one-sided quality of self-love when its source is, first, the imaginary change of position with the other and, secondly, the consciousness of the correspondence between the sentiments of the agent and the spectator. The imaginary change of position might be possible by means of self-love (feeling the other's position as if the spectator was agent), but it is not necessarily identified only with this sentiment (TMS p. 317). Thus, the sympathetic sentiment in this case, which may not arise out of selfishness, is what Smith articulates in his system of sympathy.

#### **8. Smith and Mandeville on "private vice and public benefit".**

In Smith's examination of the different systems of moral philosophy, their differences have an effect on the habits which are important for moral and practical matters. Their importance lies in that they encourage a praiseworthy disposition and discourage a blameable one, and there lies the importance of the science of ethics, but also the philosophical and practical aspect in Smith's argument. The subject of Smith's examination of the systems of moral philosophy was a historical account of virtue. In most pre-modern systems virtue appeared as a positive principle. For the ancient systems, such as Plato's, virtue is propriety, for the stoic Roman systems it is prudence, for Hutcheson's system virtue is benevolence. Instead, for modern systems self-love was to be the primary principle. This account reflects on the way that the

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moral aesthetic argument. For a more extensive account of this question, see the account in the LJ and Smith's account on authority, utility and justice. Ioannidou (1994), also fot. 27.

moral distinctions between vice and virtue, propriety and impropriety of any affection and any quality are made.

As I have pointed out in the introductory section of this chapter, Smith was particularly critical of the modern moral systems that posited self-love as the primary motive for action and thus as the primary virtue in modern society. This issue is broadly disputable since a number of authors have read Smith as "Mandeville without a paradox". In the TMS Smith deals with Mandeville's argument as "not fulfilling the philosophical standards" because it does not provide the possibility for the distinction between vice and virtue. Mandeville rejected as hypocrisy the fact that there is a distinction between vice and virtue, since both these qualities are identical. He denied that other sentiments apart from self-love can inspire a public-spirited action. All the distinctions of moral philosophy such as "a sense of propriety", or "from a regard to what is commendable and praiseworthy", are what he calls "vanity". The motive for action is, therefore, only a selfish motive which aims at the improvement of one's position, happiness and prosperity. Whatever appears to be other than that is only an appearance which is imposed on the people. His proof is that when this imposition is absent our disposition tends to selfish motives and vanity. What appears to the spectator as self-denying or disinterested is an action no less selfish than by motives of self-love in which flattery and delight of praise are not expected. In the first delusive situation (where the motives of self-love are not obvious) what is expected could be only praise and approbation. Therefore, Mandeville is rejecting the possibility of an act of self-denial or a public action (e.g. heroic action) in relation to others, which has as its motive something other than utility for a self-seeking individual.

According to Smith there could also be a consideration of self-love even in the most generous and public-spirited action. For Smith an action that is based on selfish motives may frequently be a virtuous action. But the question of the quality of someone's action does not give an answer to the problem of the reality of virtue, but

examines virtue as appearance. On that level Smith's argument separates the reality of the principle of virtue from the means by which it is realised. For Smith this separation differentiates moral philosophy from sophistry and natural philosophy.<sup>171</sup>

Smith recognises that there is an *affinity* between vanity and love of virtue or love of glory. Both these passions aim at acquiring esteem and approbation. The difference between them is that the one is a just passion and the other is unjust. The one would be easily satisfied, the other is never to be satisfied. The basic difference in the *affinity* of these passions is that the just passions are not only an abstract desire, but have reference to the sentiments of others (TMS p. 310). They are somehow socially moderated passions rather than merely being self-loving passions, but are also the condition and the possibility of the desire for virtue and its satisfaction.

On Mandeville's account, it is not only that the source of moral action is vanity and therefore there is no real virtue, but that to the extent that virtue is human it is imperfect. According to Smith, Mandeville represents every passion as wholly vicious in any degree and direction (TMS p. 312). He does not draw the distinction between "what is" or "what ought to be" or "what would be" out of the sentiments of others or the relationship with others. This is the core of Mandeville's sophistry, which concludes in the identification of private vice with the public benefit and lacks the mediated imaginary or "impartial" moment related with his system of sympathy that Smith introduces. Further, Smith shows that Mandeville's argument can be used to argue for popular asceticism which turns out to be opposed to any improvement of arts and science, as leading to luxury, as well to an idea of the public benefit. The idea of public benefit for Mandeville is only an *appearance*, and the only situation in which there is no illusion involved is when private vice is identified with public benefit. For him, every appearance of public spirit is "cheat or imposition upon

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<sup>171</sup> See Smith's comment on Descartes and French natural philosophy in (TMS p. 313).

mankind". In this sense to argue for the possibility of an action which is inspired by the public spirit is hypocritical.<sup>172</sup>

For Mandeville the distinctive line between reality and appearance is *imposed* upon mankind. For Smith the philosophical task starts from the illusion in the understanding of "nature" and claims to show not only the actuality of this distinction between reality and appearance, as all the moral systems had shown, but also *how* the principle of virtue is real and actual in social affairs. For Smith, the starting-point is not an imposed "ought" or an externality which might be apparent, but the desire of doing something which renders ourselves the object of approbation. What for Mandeville is vanity, for Smith can be the best passion in human nature and he defines it as the love of virtue. This is realised through the relation between the desired object and the satisfaction of the desire through the realisation of its object. Instead, in Mandeville, this type of realisation of the love of virtue is the source of the guilt of vanity precisely because of the desire of being praised.

Smith deals with Mandeville's system as a sophistry which he distinguishes from philosophy. He attacks Mandeville's notions, saying that they

"are almost in every respect erroneous, however, [with] some appearances in human nature, which, when viewed in a certain manner, seem at first sight to favour them. ... These, described and exaggerated by the lively and humorous, though coarse and rustic eloquence of Dr. Mandeville, have thrown upon his doctrines an air of truth and probability..." (TMS p. 308).

Smith says that Mandeville's system is the only system that at least taught vice which avows the corruption of motives, although it does not reflect on the causes from

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<sup>172</sup> In Smith's words: "All public spirit therefore, all preference of public to private interest, is according to him, a mere cheat and imposition upon mankind; and that human virtue which is so much boasted of, and which is the occasion of so much emulation among men, is the mere offspring of flattery begot upon pride" (TMS p. 309).



which it arises. In Mandeville's system vice can be imposed in a great number of persons, but it cannot be referred to men in their social relations. This latter problem becomes the subject of Smith's inquiry. Further, Mandeville does not offer a positive theory of society in the sense that he merely deals with society as an aggregate of selfish individuals.

Mandeville's system, in addition, seems to be closer to a system of natural philosophy which appears plausible. However, its plausibility does not mean that it actually has a foundation in nature, which is different from natural appearance and thus lacks the resemblance to truth. At this point Smith draws the distinction between natural philosophy, which is concerned with the appearances in nature, and moral philosophy, which mainly explores, first, the relations among people, second the origins of the motives of human action in relation with others, and third, the source of the opinion of others.<sup>173</sup>

But it may seem contradictory that natural philosophy is not founded in nature and moral philosophy is concerned with principles founded in nature. It may as well be questioned why is the foundation in nature important? Smith answers by arguing that the subject of moral philosophy is not an abstract question. It is rather a practical question concerning people's moral sentiments in relation to others. Therefore, the nature of the subject of moral philosophy is a practical subject and has its foundation in people's social existence.

The naturalistic elements in Smith's thought, are represented in his TMS as the natural order but also later in the WN in his idea of the perfect system of liberty and natural

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<sup>173</sup> For Smith, the principle of virtue, passions, and desires are articulated and are possible as objects of the public opinion of the approbation or disapprobation of others. But this independence of the approbation or disapprobation could mean the end of the individual's own desire or the repression of individuals' desires by what is called public opinion. The criterion in this case is not only public opinion but also the relation of the passion with the love of virtue. On the issue of public opinion, see Winch (1978) pp. 168-170.

justice of the invisible hand. Nature is related with social matters as a dynamic and teleological concept which is endorsed and has a share in the enlightenment philosophical discussions.<sup>174</sup> But if the question of imposed distinctions arises, it must at least have some resemblance to the truth or some foundation in practical aspects of people's lives and in the things that are really our domestic affairs. This is the practical part of Smith's moral philosophy. In this sense, every imposed principle which is supposed to be in the nature of our sentiments and has no resemblance to another principle is characterised not only as abstract, but as injudicious and ridiculous.

Smith's critique of Mandeville is mainly focused in the way he relativises morality and values and by endorsing his argument he offers a philosophical treatment of the subject of social virtue in commercial society. Smith's discussion of virtue in the TMS led him to highlight the importance and priority of public virtues as the real precondition of private virtues. Next I shall examine Smith's discussion of the principle of justice as a moral and political principle as discussed in the TMS and the LJ but also in the WN.

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<sup>174</sup> Smith considers as the constitution of nature its purposiveness. The idea of the invisible hand, is paralleled in the secondary literature on Smith and Hegel with the idea of the cunning of reason. For both authors the contradictions of morality and of modernity led them to find the ethical quality of the teleology of nature. In return that effected the practical role of morality in social matters.

## **Chapter five**

### **1. Justice and the political economy of natural law.**

In chapter IV I have examined Smith's moral theory, his account of sympathy, the impartial spectator and the way that he contributed to the discussion of virtue and moral judgement, which was mainly based in the "different" conceptions of moral sense. I have shown that in the TMS argument, and in particular in the sixth edition, Smith discusses the *type of priority* of the public virtues of justice in relation to private virtues in modern society.

This principle of justice as a moral, social and, in its effects, political principle is "the pillar of social order". The idea of justice as the main public virtue is supplemented by a number of other conceptions of justice such as natural justice, as the primary virtue in relation to people's moral sentiments, which are illustrated in an exemplary form and articulate further Smith's idea of justice.<sup>175</sup> There are three conceptions of justice that I shall mainly distinguish; first, justice as a natural teleological concept. Second, justice as founded in the natural sentiment of the people's self-interest or an idea of the good. Third, justice as the modern conception of justice, i.e. based on positive law and thus the argument of the political economy of justice as "justice imposed".

Smith is in favour of the modern rationality posited by the system of law and individuals' rights and he is critical of traditional forms of restrictions of individuals' liberties by moral constraints. The key question is how to endorse to a certain extent natural law demands in the modern institutional conception of justice. For the latter, the need of modern stable institutions is essential in order to avoid an "imposition" of the modern institutions and laws. As argued in the TMS, laws need to have their

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<sup>175</sup> The exemplary form of presentation is addressed as the "method that Smith uses in contrast to examinations which are based on the exposition of 'the concept *per se*'". Buchanan (1979) p. 122.

foundation in the ideas of the good that correspond to people's sentiments. Nevertheless, the content of the modern law has to be put in a modern positive form. The first part of the LJ concerns the idea of justice which is the first subdivision of Jurisprudence.

Justice is essential for Smith's idea of the well-ordered society and that is reflected in both his lectures and the WN. His theory of Jurisprudence is based on the notes of his students, and a first set was first published by Cannan in 1896. These lectures were to lead to his third book on virtue and the history of jurisprudence, which was never published, and instead led to the writing of the political economy.<sup>176</sup> Thus my view of his Jurisprudential theory of justice is based on the reconstruction of the student's notes, but also I compare the conception of justice in the TMS and the WN. In the LJ Smith offers a history of the laws of society which is introduced on the basis of the well-known "four stage-theory" and the need to analyse the political economy of commercial society. That leads to the second subdivision of natural Jurisprudence and an account of police which is an analysis of the politico-economic aspects of commercial societies with a developed division of labour.

In the WN the conflict of natural law and of the modern institutions of justice is to be examined in the particular form of commercial society as arising from the pre-modern forms of organisation of rights of labour. The problem is how to balance an idea of the system of perfect liberty, set on the basis of an idea of natural justice, with particular questions arising from the modern form of the division of labour, the "tasks" of the sovereign as political institutional regulation through policies of education which reflect the politico-economic relations in modern institutions.

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<sup>176</sup> Stein (1979) p. 622.

## **2. Justice moral and public virtue.**

The concept of justice as moral principle in the TMS is modified from the first to the sixth editions. An idea of natural teleology and justice is further developed into an idea of justice as public virtue. In the sixth edition, published before Smith's death in 1790, Smith added part VI, where he offers an analysis of the character of virtue.

Part IV starts with an analysis of private virtues such as prudence and self-command. These private virtues, when directed by benevolence and justice, increase the "splendour of those other virtues" (TMS p. 241). The *moderation* of passions seems to be the key for transforming private passions into public virtues, which are the source of motivation for an action. What needs to be highlighted is that Smith does not merely identify or reduce private virtues to public benefits. This relation seems to be a social relation and it has a natural foundation in habitual and basic social sentiments such as friendship and sympathy. This moral basis is reconsidered in the way it became important in the commercial society of inequalities and in the modern nation state.

Smith's moral philosophy led him into his social theory, as is shown in particular in the sixth edition of the TMS. The last part of this edition offers an account of the idea of the well-ordered society which secures individuals' well-being and also reinforces somehow private virtues as public virtues in the way that private are conditioned by public virtues. In the context of the modern nation public virtues are put forward such as that of the patriot, which is the source of motivation of heroic action based on the love of the country, but does not necessarily show a love of mankind. Somehow the security of the internal tranquillity of the nation state seems to be compatible with the idea of the love of mankind. The love of one's country involves two principles: first, the establishment of the constitution and the second principle concerns the idea of the good citizen with respect to the law and promotes the welfare for the whole

society and of his fellow-citizens. These principles are rather the result of a brief account of the type of divisions to be observed in society as division of different orders in societies of privilege and inequalities. For Smith all these orders, for their protection and security, have to count on the stability of the state. Thus the idea of love for one's country, if looked at from the perspective of its utility, seems to be the love of stability as the essence of the public spirit. That is what I call the "public utility" argument, which was also used in the LJ for the critique of contractarian arguments of society and secures public order (LJ (B) pp. 401-4).

For the Smith of the sixth edition the development of public institutions has to be also supported by moral virtues such as beneficence. Elsewhere in the TMS, and also in the different parts of his work, Smith, although recognising the importance of beneficence and other public virtues, points out that in societies of inequalities society can be led to disorders if basic ideas of justice and public spirit are not employed for the promotion of social order and peace. Therefore, if living in just societies that all human beings should desire is taken as a social value then that should also be in accordance with a rational and desirable formation of the economy of nature, and the promotion of public spirit is an essential part of it. This moral naturalistic teleology is a common feature of the enlightenment tradition.

Justice, being distinguished from other social virtues such as prudence and benevolence, is a primary social virtue necessary for the well-ordered society (TMS p. 80). Prudence, although fundamental for individuals, is not a directly social virtue, having a binding element that is the distinctive element of justice. The virtue of benevolence is, in the same way as justice, founded in the moral sense of persons.<sup>177</sup>

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<sup>177</sup> Raphael (1969) analyses one of the unpublished manuscripts by Smith, appendix II of the TMS (1976), where Smith offers a natural, Christian view on justice. This is where his idea of justice to our neighbour seems to lie (TMS p. 392). This conception of justice in this manuscript are taken from Aristotle and Grotius. For the former, justice is dealt with as distributive and commutative, and for the latter *justia attributrix* and *justia expletrics*.

To illustrate this, Smith uses the example of fair play and the spectators. Smith analyses the *sense of justice* by referring to the conditions of the competition in the race for power and wealth. The competitors in this race can use all their powers "but if ... (one) should juggle, or throw down" any of the other competitors, the indulgence of the impartial spectators is entirely at an end. The motive leading to the violation of the play is the self-love of the offender and that does not meet the sympathy of the spectators. However, every person with regard to his own happiness is more important than that of his competitors. From the standpoint of the impartial spectator this does not justify the violation of the rules of justice and that would end the indulgence of the public spectators (TMS p. 83). The sympathy for the player who has been violated requires the punishment of the offender. However, it should be kept in mind that the principle of self-love is not condemned in general. It is approved in its moderated form, i.e. by taking account of it in an idea of public utility to secure the conditions of a fair play.

Therefore, an action motivated by benevolent sentiments, patriotism or what Smith calls "public spirited" action is the subject of approbation. Nevertheless, this is not as necessary as is justice, at least for the "society of strangers" which is connected with the political economy of the modern state. Benevolence among self-interested, equal individuals cannot be binding in the way that justice is.<sup>178</sup> Thus justice as social virtue is more important than the virtue of prudence or the traditional moral view arguing for beneficence and benevolent sentiments.<sup>179</sup> Justice for the Scottish enlightenment natural Jurisprudence was a "strict obligation". Smith put the question of justice in practical terms and thus he underlined the importance of justice as the "primary social

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<sup>178</sup> Smith introduced justice as the primary social virtue instead of benevolence, which was religiously taught and commonly accepted among the Scots moral philosophers (see Hutcheson's moral philosophy). Thus, much earlier than his WN, and although including some naturalistic and theological elements, a more systematic modern argument to civilised society is developed, based on justice among equals.

<sup>179</sup> Campbell argues that Smith was a Mandeville without a paradox in that he developed the ways that self-interest was channelled into socially beneficial manifestations (Campbell (1967) p. 571).

virtue" in his examination of merit and demerit in chapter II (TMS p. 80). In dealing with Hutcheson's argument, Smith agrees that benevolence is one of the most agreeable virtues, but not as essential as justice for the constitution of society. The distinction between justice and all the other social virtues is founded in the sensibility of the person and their relation to the others, which either prevents or punishes an unjust action. Thus the principle of justice is that primary social virtue which corresponds to the natural moral sentiments of people (TMS p. 80). This sense of justice is an essential social virtue as the principle which is based on the sentiments of propriety in acting according to justice. It indicates the particular quality that social relations are based upon and this can avoid public disorder and work in favour of public utility.

The public utility argument on justice is illustrated by the example of the idea of society among merchants, which is also used in the LJ in the account of public jurisprudence, while inquiring into the principles of government. To constitute a society among merchants mutual love is not required as it is for the constitution of a community as argued by Christian natural law. The nation state can be based on the love of one's country, i.e. patriotism but what is needed for stability and thus order in a democratic society is a sense of utility. In a democratic society although there is no legislated moral or political obligation in the traditional sense, there seem to be important a mercenary value, i.e. exchange of good services according to an agreed valuation as the basis of stability and order (TMS pp. 86-87). The possibility of reaching agreement requires, apart from self-interest, a sense of justice which does not reduce self-interest to self-love. From that standpoint, although benevolence appears as the "ornament which embellishes" society, justice is the "main pillar that holds the whole edifice".

Smith argues along the same lines in part III of the TMS when examining the sense of duty and justice. Comparing justice with other social virtues, he points out that the



rules of justice are distinguished for their exactness and accuracy, which is not that essential for other social virtues such as prudence, charity, generosity, gratitude and friendship. Justice is paralleled to the rules of grammar, and on that basis Smith explores the sense of duty as it was discussed in the scholastic moral tradition. That can not just be imposed by the government, but is subject to practical ethical rules in the way that they prompt the idea of justice and have their moral foundation in moral sentiments.

I shall use Smith's metaphor by which he deals with society as a chess board. "An ideal plan of government is bound to fail if the imposition of a particular form of motion intended to be imposed is not co-ordinated with the principle of own motion for the parts". If that is the case then the game will go successfully and happily if the principle of motion of the legislator is harmoniously related to the principles of motion of the different pieces. The political aspect of this argument intended a critique of policies of political speculators who thwart the public good when imposing privileges of cities and provinces and thus "render individuals and the greatest orders of society as incapable in opposing to their commands, as weakest and most insignificant" (TMS p. 234).

Smith closes his account on virtue and moral philosophy by offering a historical analysis of virtue from antiquity to the modern systems of moral philosophy.

### **3. The critical and the Scholastic view of justice.**

A comparison of the way that the different systems of moral philosophy dealt with the practical rules of morality in comparison to the rules of justice led Smith to the conclusion that the rules of justice had to be more strict than the moral rules (LJ p. 327). In part three, published in the early edition of TMS, Smith examines the sense

of duty and points out that moral rules are subject to individuals' views and sentiments, experiences, and tastes. In that sense morality, although related to people's ideas of justice, does not imply that the rules of justice and moral rules are identical. One can not be punished for their moral views, but when these views lead to an illegal action or to the injury of the rights of others, then this action ought to be punished. However, the link between moral philosophy and natural law theories of justice was always problematic since, as Kant's liberal thought pointed out, individuals' freedom and thus moral freedom is a negation of itself if it is not realised publicly. If moral beliefs lead to illegal actions then the realisation of one's freedom is realised as negative freedom.

Smith distinguishes between two categories of the different systems in the history of moral philosophy and jurisprudence, which dealt with the rules of justice and morality; the "critics" and the "grammarians" (LJ p. 327). In the first category he puts the ethical systems of antiquity, such as Aristotle's idea of justice as presented in his *Ethics*. The disadvantage in these systems, although they are more useful in practical matters, is that they

"describe, in a general manner what is the ordinary way of acting to which each virtue would prompt us ... It is indeed, scarce possible to describe the internal sentiments or emotions upon which it is founded, without doing something of this kind. It is impossible by language to express, if I may say so, the invisible features of all different modifications of passions as they show themselves within... the way of making and distinguishing them ... is by describing the effects which they produce..." (TMS pp. 328-9).

In the second category he puts the casuists of the Christian church, the natural jurisprudence, and under the same heading can be put the third book of Cicero's *Offices* where he offers an enumeration of the rules of justice. The problem with this approach is that it reduces justice to police, which according to Smith of the LJ are

distinct. Thus the discussion of Smith's moral principle of justice led to his theory of Jurisprudence. But I shall deal with that in the next section.

That was examined in detail while examining the sense of justice internalised by individuals' consciences in relation to the idea of merit and demerit of an action, but also in relation to the sense of duty. In this sense of justice Smith sought to find also the foundation of just punishment, which was mainly the subject of the "grammarians" approach to justice. For this analysis the analysis of the agent's consciousness and motives had a great part. To put it in a nutshell, the criminal is not a criminal if he is not made conscious of his action and its consequences and thus proved to be criminal. In Smith the idea of the impartial spectator plays an important role for the internalisation of moral rules assisted by public education.

According to Smith, the violation of the laws of justice ought to raise the feeling of evil for the violator of just laws in the same way that an action in accordance with the public spirit creates the feeling of approbation.<sup>180</sup> But this feeling links also with the "law dictated to us by nature" (natural law), which is the retaliation and punishment of the offender. Smith describes the feeling and the remorse that the wrong action creates in the offender. The emphasis on the consciousness and the sense of guilt of the agent provides the subjective justification of the punishment of an unjust action. For the offender the most offensive element of an unjust and punished action is the feeling of solitude which is more horrible than society and just punishment. The core of the remorse in this sense is exposed by means of the relation between the agent's moral sense and society (TMS p. 84).

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<sup>180</sup> Raphael (1973) underlines the difficulty of the combination between moral judgement concerning ourselves and the moral judgement concerning others (p. 22). This difficulty is considered as part of the question of the impartial spectator and the theory of approval. What is at stake is mainly the relation between the theory of consciousness and approval (pp. 18-9). He points out that the source of the trouble is in the theory of approval (p. 22), which I described earlier as the "system of sympathy".

This is Smith's idea of penal justice which in the TMS posits the question of opposition between laws of justice and individuals' consciousness in the case of the violation of other's life and property.<sup>181</sup> The modern laws of justice mediate the relation between the agent's moral sentiments and the moral social standard. Nevertheless, the institutionalised justice in a system of positive law does protect the offender from the unexpected revenge of the persons injured by the agent's action (LJ pp. 107-9). This constitutes the difference between the natural law of pre-modern societies and the general law of modern society. It is possible to build up an idea of just punishment based on the agent's moral sense and impartial sentiments. However, the idea of "just punishment", although it is based on the sense of justice, is introduced in "contrast" to the principle of self-love. The latter principle as an expression of indirect sympathy is moderated in Smith's system of sympathy, and not simply restrained. I shall illustrate that by recalling Smith's conception of justice as fair play (TMS p. 83).<sup>182</sup>

What makes the difference in Smith's system of sympathy is his idea of social virtue to act in an approved way but also the particular character of the "obligatory" element of justice, i.e. common recognition of mutual utility. Thus only justice among other social virtues implies a social binding character and thus results into the moderation of self-love or an idea of just punishment.

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<sup>181</sup> Smith holds that the greatest evil, the one that excites the highest degree of resentment, is the injury or murder of someone. The second greatest evil is the breach of property and possession that are also one of "the most sacred laws of justice ... whose violation seems to call loudest for vengeance and punishment". Thus justice as protection from injury and the right to life but also to the right of property seems essential to Smith's concept of justice, and also to his idea of just punishment and thus of penal justice (TMS p. 84).

<sup>182</sup> According to Cropsey, this idea of fair play does not develop into a consistent theory of distributive justice in Smith's later work, although it does develop an idea of a regulative but not cohesive institutional organisation (WN B V) to preserve the fair conditions of fair play (p. 81). Also, the negative concept of justice for preventing injury of rights contributes to the idea of fair play (Cropsey (1975), pp. 43-44).

#### **4. Natural jurisprudence and the negative conception of Justice.**

Jurisprudence is the science that inquiries into the general principles of law and government; "which ought to be the foundation of the laws of all nations" (LJ (A) p. 1, (B) p. 397). The subject of Jurisprudence is divided into justice, police revenues and arms. The last two subdivisions are not really fully developed and the emphasis is mainly put on justice and police as part of the analysis of commercial society. Under the heading of justice can be put a "theory of the rules by which civil government ought to be directed" (LJ (A) p. 5). These general rules and their normative content are the end of justice which concern public jurisprudence and private law, i.e. personal and domestic rights.

What was the issue for modern jurisprudence is the division between the system of modern positive law, and a system of natural jurisprudence.<sup>183</sup> The main body of the first part of the *Lectures* examines natural jurisprudence as taken by the natural law theory of Grotius, and Pufendorf.<sup>184</sup> Smith pointed out the need for a historical account of jurisprudence, which seems to have been influenced by his reading of Montesquieu (LJ). The examination of the approaches to justice in the TMS as the critique of the "grammarians" scholastic views, but of the critical approaches in the LJ as well, shifted towards a historical view of the different forms of society's law and property relations.

The modern developments in commercial society are not viewed through the "fiction" of contractarian thought but presuppose an analysis of the historical politico-economic relation and their critique. For this critique Smith suggests that what induces men to enter in society is not the mutual consensus of the contract theories

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<sup>183</sup> For a discussion of natural law and rights and the relation between Smith and physiocrats see J. Bonar (1967).

<sup>184</sup> On this issue see Forbes (1982), Haakonssen (1982).

but the principles of utility and authority.<sup>185</sup> The principle of utility is the characteristic of democratic government and the principle of authority as autocratic.

In natural Jurisprudence Grotius distinguishes, as did Locke, Hobbes and Rousseau, between the state of nature and war as presupposed by the constitution of the states. Pufendorf argued that even in the state of nature there are some natural rights such as the right to one's body, right to life, right to the fruits of one's labour which was the foundation of private property (LJ pp. 107,127,136). This argument is of particular importance in both the natural law tradition and Smith's Lectures, who offers a historical analysis of the different forms of slavery and the master-servant relation. (LJ pp. 175, 180-81, 184 -93) The abolition of slavery and the increasing importance of free labour made contracts important and the policing role was part of the duties of government (LJ p. 215, LJ (B) pp. 317-8, 323, 397-8).

For Smith a natural conception of justice was to protect these basic rights, and thus it has its roots in the natural law tradition. "Justice is violated whenever one is deprived of what he had a right to and could justly demand from others" (LJ p. 7). He offers a list of the types of injuries to one's body, which is equal to hurting one's liberty, (LJ p. 8) and then distinguishes between perfect, and imperfect rights. The perfect rights correspond to commutative justice and imperfect rights to distributive justice (LJ p. 9).

"Commutative justice consists in abstaining from what is another, and in doing voluntarily whatever we can with propriety be forced to do so". "Distributive justice ... consists in proper beneficence, in the becoming use of what is our own, and in applying it to those purposes either of charity or generosity, to which it is most suitable in our situation that it should be applied" (LJ p. 9).

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<sup>185</sup> On Smith's critique of contract theory see Ioannidou (1994) part I section 3.

Personal right is considered as the real right. Property is to be considered as an exclusive right. The second species of real rights is inherited and acquired by the civil law. The right of inheritance as a real right is the same as the rights of monopolies. All these rights are creatures of the civil law, let us say the right of the author to his book or of the inventor to his machine. These rights as real rights appeared at the time the first civil codes of rights were created. Personal rights may precede the contract (LJ p. 12).

With regard to natural rights Smith examines their foundation and origin, which "need not be explained" (LJ p. 13). One's natural right is violated when injured and that implies the injury of one's liberties. Injury to one's body is injury to one's liberty and natural right. Injury to one's natural rights also involves injury to one's good name and fame.

The origin of natural rights with regard to property "is not altogether plain". There are five causes from which property may have occasion: first, occupation, by which we get anything into our power. Second, tradition by which property is voluntarily transferred from one to the other. Third, accession. Fourth, prescription or occupation. Fifth, succession of a testamentary heir.

It is in his discussion of property that Smith examines the distinct states known as the "four stages theory" which mankind has passed through: the age of hunters, age of shepherds, age of agriculture, and the age of commerce. This historical view offers an examination of the evolution of the laws of rights and property and different forms of societies which are presented on the basis to what is known as the "four-stage theory"<sup>186</sup> or the different "modes of subsistence" as Robertson called them.<sup>187</sup> The

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<sup>186</sup> For a critique of the contractarian thought on society Smith was influenced by Hume, Montesquieu and the historical context in which he was writing. On the exposition of the "four-stage" theory see (LJ (A) pp. 14, 201, 207-224).

examination of the history of property and law on the basis of the four-stage theory had its parallel in the historical examination of law in Montesquieu's *Spirit of the Laws*.

This historical view results in the last stage of development and the formation of the commercial society and that is the one is the focus of the LJ and later of the *WN*.<sup>188</sup> The latter stage presupposes an increase of the population, development of agriculture, and exchanges of commodities among nations. It seems that then is when "history properly starts", in other words with the development of the commercial society. In this form of society are observed more regulations and laws that support justice and prevent the infringement of the right of property.

The impartial spectator is used in the LJ "as the judge that could join with the one who protects his possession against violent attack" (LJ pp. 17-19, 42 sympathy). The impartial spectator by principle can sympathise with moderated passions of the appropriate degree.<sup>189</sup> What is at stake here is the replacement of the natural law tradition of revenge and vengeance<sup>190</sup> with the modern positive system of penal law and the modern state which acts in the interest of individuals. That implied the transition from a natural conception of justice to a modern one related to the property law.

Smith was influenced by Grotius and natural jurisprudence which connected natural rights with property and that led into a negative conception of justice as a protection

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<sup>187</sup> Meek (1954) p. 89. According to Meek the "four-stage" theory was very much influential for Marxist sociology, but also offered a materialist theory of history and society.

<sup>188</sup> The idea of historical analysis is modified, although not in principle, to the extent that Smith refers to the transition of pre-modern forms of reproduction and subsistence in comparison to the modern ones related to the different forms of the division of labour.

<sup>189</sup> Paphael (1969) p. 238.

<sup>190</sup> In *Odyssey* the friends of Odysseus, or the ones who are close to his environment, decide for his life and his rank. The idea of justice in natural law societies is related to revenge than to justice as a positive principle (L. ed. 1964 pp. 107-8).



from injury and security of property rights as the expression of one's natural rights. Therefore the role of the government was a necessary requirement for a well-ordered, civilised society and the foundation of modern civil order in the same way as individuals' rights (LJ pp. 3, 4). In the Jurisprudential tradition justice lies in the examination of justice as a negative principle for the prevention of the injury of the person's life, property, and private rights. Being so, justice becomes essential for the foundation of the political sphere, but also the modern constitution of government is the guarantee of individuals' rights against privileges and monopolies of rights.

This argument is related to the modern developments, i.e. a system of positive law constituted in accordance with practical, moral demands.<sup>191</sup> The idea of public good or utility is also related to the question of social order and stable government on the basis of law. The constitution of modern institutions lies in this idea of the general interest represented by the government and the expanded legal system which has the monopoly of political power and the right of enforcing it. The constitution of the political sphere is based on the exclusive right of enforcement of the practice of justice as the prevention of injury and use of violence.

However, Smith is critical of the monopoly of power which may lead into its abuses. In the LJ he shows this by analysing the relation of man as a subject of rights and the sovereign, but also in his account on police, and in the WN he is concerned with the particular political regulations. In other words, individuals' rights and the failure of the government to protect them leads to public disorder, but also instability of the

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<sup>191</sup> This idea of public or general utility could and has been challenged many times. The recent work on Smith by Shapiro (1993) is a challenge of this idea in the sense that questions the idea of "social bond" in a distinctive negative mood. The analysis of the social bond as an expression of general interest turns to be the bond of terror. The "social" turns out to be an artificial economic form function by the logic of the "interpretative economics" and thus constituted (p. 131). The social bond in the age of "mechanical reproduction of images" becomes the idea of the spectacle. The idea of the impartial spectator becomes simply that of "spectators" (pp. 108, 110) or the observer-as-consumer (p. 111). The politico-economic nature of modern economy is identified with the question of sovereignty and trades in the money market of the EMU.

government. The negative conception of justice based on property right created a new category of aliens and thus raised the question of citizenship and the restriction that property relations implied (LJ p. 430).

The abolition of slavery and of the medieval relation of the master and its dependant in commercial society created a new form of aliens, people that did not enjoy the rights of owning property and of being citizens in the state. In medieval Europe this category of aliens, which was mainly merchants, could buy their rights to trade in particular areas. In the nation state that was replaced by the modern system of taxation. The most important aspect of not having citizenship was that they did not have political rights, and their freedoms were based in their economic power.

In the LJ Smith analyses extensively the transformation of the idea of natural rights of man, and also of citizens, and the transition from slave to free labour (LJ (A) 176-7, 181, 235, (B) 431, 432). The form of exclusion based on the consideration of rights or non rights of slaves and aliens was subject to change since the traditional forms of organisation of society and also of labour (guilds system) were rapidly transformed under the new forms of division of labour and commercial society, but also under the formation of the modern nation state. The other form of aliens were mainly the new working classes that did not own property but only their ability to work.

The negative conception of justice relates mainly to individuals' rights as the rights based on property and economic power and thus protected and secured by the laws of justice. This had a number of drawbacks in societies of inequalities of wealth, property and power. With regard to the concept of Justice it had shown that the negative conception of justice had to be broadened.

### **5. The political economy of modern justice and natural law.**

The perception of natural right as property right and also the modern conception of justice as protection of these rights, put justice in societies with property inequalities at stake. In other words, modern institutions were to support particular interests instead of the idea of the general good. Due to these developments, which were enforced by the development of the division of labour, Smith included in his analysis of jurisprudence the subdivision of police as distinct from justice. Police was to carry the execution of justice in the streets and of the application of regulation for the prevention of crime and the policy to keep the city guard. Historically police had its roots in the ancient Greek idea of the "*politeia*" which signified the policy of the government of the *polis*. The modern sense of police meant only the regulation of the inferior parts of the government (LJ B p. 486) and concerned the security of communication, exchanges, commerce and also the regulation of the prices of commodities and crimes.

In the WN this account of police is integrated in chapter III on the accumulation of the wealth of nations and the role of police and commercial ethics enforced by police were essential for the accumulation of the wealth of the nation.<sup>192</sup> These institutional developments were parallel to the expansion of the division of labour and thus influenced the politico-economic role of the political institutions, which were in relation to the expansion of the division of labour and its influence in all social spheres. Smith of the WN, although pointing out the importance of political interventions for the accumulation of the wealth of the nation, is also critical of policies which supported monopolies of particular rights and retarded the natural opulence arising from the division of labour. On that level he puts forward two arguments: one concerns the utility of particular policies in relation to the ideas of the

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<sup>192</sup> Cannan (1961) introduction in the WN p.xxvii.

public utility and the second concerns the idea of natural justice which should influence the policies of the "wise legislator".

There lies his idea of the system of natural liberty. Smith's political economy is precisely the historical articulation of the politico-economic relations which were presupposed and were integrated in the modern system of the division of labour. Thus the natural tendency of the modern developments meant the increase of social freedoms compared to previous forms of society. There is an increase of opulence and wealth but then also of new forms of inequalities and political obstacles.

Smith's conception of justice in the LJ, but later also in the WN, takes the following forms; first he is critical of the reduction of justice to police and thus the casuistic idea enforced by positive law. His idea of justice involves an idea of the general good as the necessary condition for social peace and thus the development of commerce and public opulence. Second, an idea of just exchange and civility is presupposed for commercial relations and virtues such as punctuality are the virtues associated with the development of commerce. This idea of justice in market ethics is a subject of negotiations between individual merchants and of the function of the market. Smith, although not an advocate of *laissez faire*, thought that bad policies imposed in the natural course of things can only retard progress. There lies his conception of natural justice in the context of his system of perfect liberty.<sup>193</sup> The system of liberty is a combination of natural tendencies observed and systematically presented as a combination of natural tendencies and of philosophical speculation or of the "wisdom of the legislator".

Third, justice in relation to the tasks of the "sovereign" on the level of just modern institutions, as the branch of the administration of justice. In that sense expensive government and civilised society with a developed division of labour go together.

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<sup>193</sup> See Billet L. (1976) and Wienfield (1984, 1988) on the just economy argument.

Thus, new branches for the administration of justice were arising out of the expanded division of labour and the increase of wealth implied by it. Taxation and the use of the public funds were to be used to correct the failures of the invisible hand. Smith does not really offer a theory of justice as distributive justice, and at the end of the day he does not offer a systematic theory of justice.

With regard to justice and exchange among self-interested individuals, in the second chapter of Book I Smith bases his analysis of equal exchanges on his idea of justice developed in his TMS. In other words, he offers an idea of justice as the presupposition of cooperation, but also as the possibility of exchanges. Thus equal exchanges presuppose some kind of social order and moderation of self-love. In the WN this idea is also supported by his theory of the division of labour that I have examined in chapters two and three.

Perfect liberty and justice as the "sacred rule" of modern society became the economic expression of natural teleology. The system of perfect liberty and justice was the view point from which Smith criticised the particular mercantilist policies and the expansion of the commercial spirit supported by mercantilism. What he criticised in mercantilism was that the political institutions were used for the interest of one class of people and resulted in the misery for the labouring classes which actually with labour contributed towards the public good.<sup>194</sup> In the WN Smith employs this argument for the critique of monopolies and mercantilist policies, which obstructed the natural tendencies of civilised society, but also of physiocracy which I examined in chapter one. In that respect, although there is an overlap between Smith's theory of civilised society and the physiocrats, Smith's account of modern society differs in many respects.

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<sup>194</sup> On public deliberation see (WN pp. 276-7 ).

In relation to his idea of perfect liberty Smith points out the tasks of the sovereign and analyses the question of justice on the level of the administration of justice. Despite social inequalities, some sort of social freedom and public opulence may as well be guaranteed in a certain degree, which, in the WN introduces an idea of justice resulting from the particularity of modern political organisation.<sup>195</sup> A natural idea of justice and articulation of interests emerges naturally from the development of exchanges and the division of labour, market institutions, system of price etc. As regards injustices, moral corruption is not simply approved as the result of the invisible hand, nor is it in conflict with the impartial spectator's sentiments or, in the WN, the legislator. Therefore, a modern concept of justice has to comply with what Smith calls the general good, which has a political and moral, i.e. practical basis.<sup>196</sup>

In the TMS the conception of justice is examined in relation to economic inequalities and to inequalities of power. The capricious and selfish attitudes of the rich could benefit their employees in a way that they could never have done according to their benevolent feelings (TMS p. 184). In this case, justice is considered as the justice achieved by means of the "invisible hand". This idea of the invisible hand is supplemented with a sense of moderation of what the person needs for life. At the end of the day, the man of higher rank has the same basic needs as the one of lower rank. Based on this condition and the relation of their interdependence, an "invisible hand" connects them, in such a way that even the beggar in the street possesses something, i.e. some sort of security that kings could not possess, despite their having

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<sup>195</sup> I use the term "particular" in distinction to individual and universal or general.

<sup>196</sup> Shapiro offers an evaluation of Smith's argument as follows:

"if Smith's discourse on moral sentiments, like his subsequent treatment of political economy, functioned as an accommodative narrative that welcomed the new industrial society, what was so revolutionary? It was his emphasis on *society*, which moved the locus of morals from a transcendent, spiritual realm to the common life. To appreciate the politico-moral space in the 17th and 18th centuries, the period immediately prior to Smith's writing, was organised around an estate-dominated society in which the social domain was understood as a set of formal prerogatives authorised by God. Imagination, reasoning, discussion, and any other social process were irrelevant as founding bases of morals. Society was not a dynamic of human interaction but a structure regulated by a pre-existing, formal system of authority" (Shapiro (1993) p. xxxii).

wealth and power. The fear of losing their advantages is the great source of their insecurities.

Nevertheless, this idea of a naturally achieved justice raises a demand for a virtuous distribution of social benefits. Thus the prudence of nature and man's virtuous action, is to change the distribution of things (TMS pp. 168-9, 180) in a way that it should be virtuous. If the most important virtue in human affairs is justice, the change of the distribution of things should be according to justice. What this justice is, or should be, is a concern of moral philosophy, rather than of natural philosophy and taste.

Therefore, justice in the LJ is the main subject of modern jurisprudence and natural law and its rules are considered as the rules of grammar. Justice for Smith is the most important public virtue and the requirement for public stability. As a moral principle it has to correspond to people's natural feelings and ideas of the good. The conflict that may arise between the general ideas of the good and imposed policies in civilised society has drawn the distinction between police and justice as the guarantee of social peace.

Nevertheless, this conception of Justice as moral and public principle is mainly to be found in the last edition of the TMS and the reconstruction of Smith's and students notes on his lectures on Jurisprudence. In that sense, Smith does not offer an extensive theory of justice as a normative merely principle, but is linked to his "rational" analysis of society among equal rational merchants in the WN and the TMS.

Smith integrated the natural law and moral elements of his argument in his political economy and thus offered a practical conception of justice than merely a normative one. He avoided Hume's distinction between "ought" and "is", "artificial" and

"natural".<sup>197</sup> His analysis of the modern politico-economic relations and practical ethical life embodies his natural law conception of justice and forms his idea of the public good. Therefore, Smith's political economy grew out of his system of natural law, either in the form of the "invisible hand" or in the form of justice as public principle endorsed in the analysis of the politico-economic relations.<sup>198</sup>

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<sup>197</sup> Hume (1975) part III i 2, III ii 1, 474-5, 484 on the natural artificial distinction. Smith avoided the dilemma between artificial and natural but offering an analysis of the political economy that is involved in this dichotomy. There is the difference between Smith's and Hume's argument, although the overlappings. That made Smith more than an "enthusiast of plagiarism" and thus his "ethics a weak copy of Hume" (Cannan (1896), Hasbach (1897) p. 686).

<sup>198</sup> Hasbach (1897) p. 686.



## Part II

### Introduction

The second part of the thesis deals mainly with Hegel's NLE, SDS, the JR and the PR. In these texts I focus on how Hegel develops his ideas of modern society by an analysis of morality, ethical life, property, contract, labour and the division of labour. I contrast his early views to the later formulations and I focus: first, on the way that he was influenced by the development of political economy and second, on his philosophical reconstruction of the politico-economic relations in civil society by offering a reconstruction of earlier contract liberal theories.

In chapter six I examine the philosophical critique of modern ethical life through the critique of the formalist and empiricist science of natural law. Also I offer an account of how in this early NLE Hegel formulated the relation between natural law and morality, natural law and positive jurisprudence but also political economy. The latter developments are the core for the negative analysis of modern ethical life, in contrast to the idea of living ethical life and the unity of the *ethos in the polis*. Hegel's negative approach to the way in which modern science grasps modern ethical life falls back on the idea of the republic and of the living ethical life as realised in the nation state (*Volk*).

Chapter seven follows up this discussion and highlights Hegel's idea of modern ethical life in the SDS and the *Jena Writings*, known as the *Realphilosophie* or the philosophy of Spirit. In these writings Hegel shifts from the romantic ideal of the *Volk* and the distinction between relative and absolute ethical life towards a systematic and philosophical, i.e. conceptual analysis of modern ethical life. For this turn the influence of political economy is profound, based on the mediating role of labour, on mechanical labour as a form of recognition, and on the realisation of right and will

through the subject-object dialectic and of the mediating role of labour. In the SDS the emphasis is put on the analysis of the relation between subject and object and as the social form of recognition and misrecognition in parallel to the analysis of right, property, exchange and also of social classes. In the philosophy of spirit, property, contract and exchanges are examined as universal structures in parallel to the mechanisation of labour. This analysis draws the distinction between Hegel and contract or liberal thought and underlines the politico-economic aspect of his argument but also highlights an early positive form of social theory on the basis of the division of labour and social classes as part of the constitution.

Chapter eight deals with the analysis and reconstruction of the contract, formalist and critical accounts of abstract right, morality, property and the idea of subjectivity and negative freedom in the *PR*. In this text the early analysis of morality, contract and abstract right appears in its most complete form. The philosophical exposition of the subject matter is reflected in the very content of the argument and the transition from morality to the analysis of the modern ethical life.

Chapter nine examines the political economy of civil society with a particular focus on labour, division of labour, right becoming law by being secured as the modern institution of public welfare and the rule of law. Hegel offers a conceptualisation of the conflicts in civil society by using politico-economic categories. Furthermore he offers a critique of modern society put forward by Smith's political economy but also by the liberal contract theories of society. His theory of the state is different from both social contract theories and similar to political economy in underlining the particular nature of the political as a positive sphere in commercial societies and distinct from policies and police. The argument is that his conception of politics is bound to his theory of society and civil society which is viewed as an ethical articulation of the rightful existence of individuals through social, economic and

political estates. That is what draws the decisive line between the individualistic liberal argument and the politico-economic analysis that Hegel and Smith put forward.

## Chapter six.

### 1. Ethos and the modern ethical life.

The young Hegel was led to the study of the problems of property and labour as the fundamental mode of interaction between individual and society.<sup>199</sup> The source for this study was the physiocrats's and British political economy, but also history and literature such as Hume, Montesquieu, Locke, and Ferguson which were available in the German language.<sup>200</sup> Ferguson's *Essay on the History of Civil Society* was translated into German (1768) soon after it was published in English, and Hegel became familiar with this text before going to Bern through Carve's translations.<sup>201</sup> Smith was translated into German between 1796 and 1799, although Hegel had owned a copy of the WN in English in the Basel edition since 1791.<sup>202</sup> Steuart's mercantilistic political economy was translated into German in 1799.<sup>203</sup> Rosenkranz mentions that Hegel read that book and took extensive notes, but this document is now lost.<sup>204</sup>

The study of political economy was very quickly absorbed by the academic circles in Prussia. The University of Göttingen was an important centre for the transmission of Smithian ideas, where he had a number of followers. According to Hasek they were very interested in the sufficiency of self-interest with all its consequences and this idea, according to Hasek, offered a solution to the breakdown of the economic system of Frederick II but also a remedy in the darkest period of the Prussian history. The spirit of economic liberalism, as well as the physiocratic doctrines, had noticeable influence in particular after the collapse of the 1807 and the defeat of Prussia by

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<sup>199</sup> Lukacs (1976) p. 99.

<sup>200</sup> Harris (1972) p. 138.

<sup>201</sup> Waszek (1988) Harris (1972).

<sup>202</sup> Harris (1979) intr. in the *SDS* p. 95.

<sup>203</sup> On the relation between Steuart and Hegel see Camley (1963).

<sup>204</sup> Lukacs (1976) p. 169, Rosenkranz (1844) p. 86, cited by Harris (1972), p. 435.

Napoleon, led into social and economic reforms.<sup>205</sup> Hasek's research has shown that there was a serious study of Smith's political economy, in contrast to cameralism which represented the old regime of the Prussian state. Lukacs's and Harris's research have also shown how this influence was experienced by Hegel, but also refer to the philosophical discussions which were more concerned with the idealisation of the idea of the *Volk* and religion (Hegel's theological writings) than the "*Volkswirtschaft*".<sup>206</sup> After the Frankfurt period (1797-1800), according to Harris, there was a "revolution" in Hegel's thought which brought him in Jena to edit a critical journal with Schelling.<sup>207</sup>

There has been a lot written on the historical development of Hegel's thought which puts his thought in its historical context and debates.<sup>208</sup> I will focus on how Hegel, in his political and philosophical writings after 1801, became more interested in conceptually grasping modern reality and its particular ethical and political nature. This shift is expressed in the NLE in the study of the scientific of ways of dealing with natural law.

As early as the Bern period (1793-6) Hegel was concerned with the unity of the ancient Greek polis and the undivided ethical life of the Jewish state.<sup>209</sup> Some commentators argued that Hegel took the idea of *Sittlichkeit* from the ancient Greek idea of the *ethos* in the polis, as the community of citizens.<sup>210</sup> In the *Introduction to*

<sup>205</sup> Hasek (1925) pp. 6-7, Ch IV p. 95. Avineri (1972) offers an analysis of this historically formative period, "the new era", and mostly highlights the political developments and the struggle for modernisation of the Prussian state which was played in the wars between Napoleon and the Prussian state. Therefore, the defeat in Jena paved the way to the reforms inaugurated by Stein and from which emerged the liberalised and modernised Prussian state, Ch IV p. 64. For a recent account on the introduction of Smith's doctrine in Germany see Waszeck (1993).

<sup>206</sup> Harris (1972), (1984) Lukacs (1976).

<sup>207</sup> Harris (1972) p. 253.

<sup>208</sup> Lukacs, Harris, Avineri, Marcuse.

<sup>209</sup> Avineri (1972), p. 3, Lukacs (1976) p. 40.

<sup>210</sup> Harris (1991) underlines Hegel's close readings of the *Republic* and Plato. Riedel and Ilting also investigated the influence of Aristotle on Hegel by putting emphasis on the natural law aspect of his argument. Inwood (1984 ed. Pelczynski) offers an account on the topic and the difficulties in the concept of the ethical life itself (pp. 40-55). Instead, Pelczynski (1971) argues in favour of Hegel's "communitarian" idea being taken from Plato's idea of the *Republic* (p. 9). For recent research on

*the Lectures of History* Hegel compares the modern and the Hellenic ethos and he points out that the difference between the Greek and modern subjective philosophies is that the Greeks "had perfect peace and satisfaction in the appearance", while the modern subjective philosophies "long for a beyond" or subjective knowing. For the former there was no opposition of thinking and being. "Appearance itself was the entire sphere of knowledge. Here subjectivity is self-aware, but it puts itself into identity with the substantial and the concrete". The knowledge of truth is immediate for the Greeks, while for the modern subject the unity of knowledge and truth is indeed present only when the subject rises above sensation and the immediate mode of knowing and solely by thinking, makes himself what he is and attains truth.<sup>211</sup> Hegel sought to find a philosophical examination of the modern science of right, the civic ideals of antiquity and the conception of the Greek ethos, with the development of personality, the relation between subjectivity and objectivity, ways of treating natural law and moral philosophy as subject of the positive science of law and right.

This shift is reflected in the very structure of the NLE, which seems to split into two parts: first the methodological critique of empiricism and formalism and the last part which deals with modern ethical life in comparison to the classic ideas of ethos. Dickey comments on the structure that there is an "organizational problem". He reads

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the relation between Hegel and Plato which deals also with the above discussions see Browning (1991).

Pöggeler (1972) commenting versus Avineri argues that Hegel even in his later writings offers more than a critique of the positive state, of morality, their elevation in beauty, love, religious elevation. In the NLE Hegel according to Pöggeler is still calling for the living organisation of the people as "the most beautiful form" of moral political life pp. 216-7. Pöggeler looks back on romantic Hegel and says that Hegel hoped for the ideal of the Greek polis actualised anew. The bourgeois can grasp the sense of life only as mediated by the work of others contra to the classic ideal where the highest task of the citizen is that of the philosophising and of political activity (p. 217). The later Hegel's that offers the analysis of modern society discovered poverty and political economy (p. 219). The same line of argument is followed by Arendt (1958) in the sense that her analysis of labour in modern society points out that the national economy in modern society seemed to repeat however the differences the division of the *oikos* and the *polis*. The advantage of this way of looking at the question of labour is that the economism of the modern society is not extended to the political sphere. However, the politics of modern political economy as *Volkswirtschaft* is rather an open question and has not been resolved by the creation of political community of the state or the republic of citizens. In modern thought it gave rise to the science of political economy and its critiques.

<sup>211</sup> ILH (1988), pp. 250-1.

the first part as the part where Hegel derives a positive set of methodological guidelines from the line of philosophical criticism developed in the first half of the essay. At the same time, Hegel expresses dissatisfaction with regard to the "scientific" method concerning natural law in the late 18th century. Second, according to Dickey, Hegel translates his own positive methodological convictions into a language that will allow him to discuss philosophical method substantively rather than abstractly in the concrete context of socio-economic and religious experience.<sup>212</sup> "Finally.. he offers substantive solutions to the problem ... He runs two arguments together and the result is that there is much confusion in the second half of the essay".<sup>213</sup>

By contrast, Rose examines this "confusion" of the second part of the essay philosophically by pointing out that the break between the first and the second part is the result of the perception of modern ethical life as divided, and thus grasped on the basis of the relation of identity and non-identity. This is the content of Hegel's speculative method, which substantiates the structure of the divided ethical life into "relative ethical life", the "system of reality" and the absolute ethical life. In Rose's words:

"In the second half of the essay this epistemological lack of identity or relation must be understood as re-presenting a real social relation, which he calls 'relative ethical life' or the 'system of reality'. The 'system of reality' is the system of political economy of bourgeois property relations in which law is separated from the rest of the social life".<sup>214</sup>

The NLE sets some of the most important problems for Hegel's "system" of political philosophy, which are not resolved in this essay. The virtue of the NLE is that it

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<sup>212</sup> Dickey (1987) paraphrase his argument.

<sup>213</sup> *Ibid.*, p. 209.

<sup>214</sup> Rose (1981) p. 56.

offers insights into the more complex developments of Hegel's politico-philosophic argument with regard to the relation of the system of reality, not merely separated from the rest of the social life, but also explores the particularity of the modern form of ethical life. Therefore, the NLE is identified with Hegel's turn to the conceptualisation of modern economic and political reality from a philosophical standpoint, which was also subject to the development of the modern science of right by liberal natural law, contract theory and political economy.

In the second part of the NLE (1802/3) Hegel introduces an examination of the modern ethical life in comparison to the classic idea of *ethos*.<sup>215</sup> The idea of the ethical life and absolute ethical life becomes central for the conceptualisation of the modern form of social and political relations, but is also a critique of the empirical and formalist accounts of natural law science, positive jurisprudence, and political economy which offered a scientific investigation of modern society. That at the same time meant the transition from metaphysical approaches which characterised the classic philosophy of Plato and Aristotle towards "*Realphilosophie*" and the system of reality.<sup>216</sup>

The classic idea of *ethos* is represented as the unity achieved in the city state of the polis of the citizens and is contrasted with the fragmentation of the modern world into self-interested individuals and the subdivided positive sciences. The polis of antiquity allowed the existence of free citizens living according to the laws of the city. In contrast, modern society is characterised by divisions between bourgeois and free citizens and by the reformulation of the relation between the public and private

<sup>215</sup> Ritter (1983) refers mostly to the Hegel of the *PR* and the link to Aristotle's *Nikomacheian Ethics* I, II-X where Aristotle deals with the foundation of human praxis and modes of right conduct. In the *Politika* I 3-18 Aristotle also looks at the idea of *oikonomia* as the economy of the household *oikos* (pp. 164-5).

<sup>216</sup> "*Realphilosophie*" meant also Hegel's theory of nature and spirit (FPS, A 2 p. 264). In the NLE the idea of the spirit is represented in absolute ethical life and real relations in the "system of reality". This distinction seems to be central for Hegel's early writings from the NLE to his Jena *Realphilosophie*. In the FPS real existence is the transition to the examination of the people (FPS p. 242).



spheres and the idea of subjects' right. The modern subject is determined by divisions which for Hegel have to be analysed and thought in the unity of the absolute ethical life as a living relation (NLE p. 104).

Hegel's early writings, such as the NLE, and the SDS, attempted to put forward the idea of the absolute ethical life as a form of economic, political and ethical organisation. In the *NLE* Hegel explicitly contrasts the idea of the *ethos* to the different aspects of the modern ethical life, profoundly influenced in highlighting their contrast to modern science. Another favourite example is the way that ethical and social conflicts are represented in the artistic productions of comedy and tragedy. The metaphor of the artistic representation of the different forms of the ethical life is the way that Hegel illustrates the difference between the Greek, medieval and modern *ethos* by defining the characteristics of the Greek tragedy, the divine Dantian comedy, and the modern comedy, as different forms of reconciling ethical conflicts. The first form of tragedy underlines the lack of subjectivity, in the sense that the actors of the tragedy are merely members of an organic unity and suffer as part of a particular form of ethical life where the struggle between divine, moral and political powers takes place. Aeschylus's tragedy "The *Eumenides*" is the metaphor that Hegel uses in the NLE to underline the tragedy of "subjectivity" as being part of the ethical and divine struggles which appear as its fate. Individuality in the homogeneous world of the polis is possible in the citizen who is a member as part of the unity of the polis.

Tragedy is the performance and reconciliation of the conflicts in the polis and therefore its role is to educate the citizens of the polis and thus it has a reconciliatory character. The tragedy performs on the stage the tragedy of the ethical life as split into its organic and inorganic elements. This split needs to be faced and acknowledged and thus objectifies the involvement of inorganic and organic elements. Further it leads to the reconciliation and the particular form of unity achieved in the ancient Greek polis.

"This reconciliation *lies precisely in the knowledge of the necessity, and in the right which ethical life concedes to its inorganic nature* and to the subterranean powers by making over and sacrificing to them one part of itself. For the force of the sacrifice lies in facing and objectifying the involvement with the inorganic. This involvement is being solved by being faced; the inorganic is separated and recognised for what it is, is itself taken up into indifference while the living, by placing into the inorganic what it knows to be a part of itself and surrendering it to death, has all at once recognised the right of the inorganic and cleansed itself of it" (NLE p. 104 emphasis added).

The opposition and reconciliation of the "organic and inorganic aspects" as parts of the same objectivity, since they are organic parts of a united ethos, posits itself as the unity of the organic and the inorganic. In the ancient tragedy the hero/ine is only a member of this ethical unity and not a subject of rights. In that sense, the city accepts the conflicts and "the ethical nature segregates the inorganic nature, ... as a fate, and places it outside itself, and by acknowledging this fate in this struggle against the ethical nature is reconciled with the Divine being as the unity of both" the law of the divine and the laws of the polis (NLE pp. 105-6).

Fate, as Hegel dealt with it in *The Spirit of Christianity and its Fate* (1798-9), is not merely "blind fate", i.e. the belief in irrational and uncontrollable ruling forces, and in that sense it does not mean the necessity of fate. The causality of fate is used in two senses which correspond to what is meant by the way we can experience that necessity as the experience of consciousness.<sup>217</sup> In other words, fate in the first sense reflects the rationality of the whole society. In the second sense it is taken as the "destiny of what happened to that first visible rationality, its determination as subjective consciousness which can no longer see the law of its determination, the rationality of the whole, because the whole has been its concrete existence".<sup>218</sup>

<sup>217</sup> On the Divine comedy see also the *First Philosophy of Spirit* Appendix 2, where the action of man annihilates itself and his consciousness is only a dreamy one and his character is only a powerless past (FPS A 2, p. 252). Also in the NLE pp. 105-6, *Faith and Knowledge*, p. 146.

<sup>218</sup> Rose (1981) p. 155.

This identity is the characteristic of the ancient tragedy. In contrast, the modern and divine comedy is generally characterised by the absence of fate. Comedy:

"Either [it] falls within absolute vitality, and thus presents only shadows of clashes (or mock battles with a fabricated fate and fictitious enemies), or else it falls within non-life and therefore presents only shadows of self-determination and absoluteness; the former is the old, or Divine, comedy, the latter the modern comedy" (NLE p. 105).

The origin of the split of civil society as the split between the economic and political sphere is to be sought in this articulation of what is called the "tragedy of the ethical life".<sup>219</sup> However, the formulation of the relation of the modern ethical life is contrasted with the ethos of the polis. This is the limit of the metaphor of comedy and tragedy to illustrate that difference. The "modern comedy" of natural law becomes modern science rather than merely a product of art or the artistic representation of the ethical life.

An essential part of the critique of modern science is the reformulation of the idea of *Sittlichkeit*. This conceptual comprehension involves the scientific and philosophical search the formation of modern rights and, for Hegel in particular, the investigation of the foundation of natural right (*Recht*) and the speculative science of right. Thus Hegel was led into the examination of antiquity through its art and philosophical production and then to modern practical philosophy and the science of natural law which led into the theories of the social contract and to the positive sciences of law and political economy.

In the NLE the critique of natural law is only negative and resolves into the absolute ethical life and the positive science of law. The NLE postulates absolute ethical life and examines its organic-inorganic relation in comparison to the relation between absolute and relative ethical life. Thus, first, it highlights the form of "real relations",

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<sup>219</sup> Riedel (1984) p. 119.

"state of nature", more systematically expressed as "system of reality" as subject of examination for the modern practical sciences. Second, Hegel addresses the question of the form of modern science and abstraction as it is articulated by the relation of the science of morals, political economy, and jurisprudence. The emphasis is put on the subject as being the "living relation", which in this essay is represented by the unity of the people (*Volk*). This living ethical relation is the subject matter of the absolute ethical life and relative ethical life as conditioned institutionally and as being subject to historical change.

The importance of the *NLE* lies precisely in the fusion of the early romantic ideal of the return to the Greek polis, which is not experienced as a loss but in its actuality in the idea of the *Volk*. Though more than the idealisation and actualisation of the unity of the polis of the citizens, Hegel offers a critique of the modern science of natural law<sup>220</sup> and the science of positive law, practical critical philosophy (which posited the question of the reformulation of practical morality in a formalistic though way), and also the critique of political economy which seemed to endorse some of the natural law principles. I shall deal with the latter in the following sections.

## **2. The critique of empiricism and the science of natural law**<sup>221</sup>

The first part of the *NLE* offers a critique of the different ways of approaching natural law by empirical natural law and contract theory, by critical philosophy but also by the earlier metaphysical views of antiquity contrasted with liberal and critical modern philosophy. With respect to the modern systems of natural law, Hegel examines the different types of formalism and empiricism in the modern systems of natural law, i.e.

<sup>220</sup> Peperzak in his article on the relation between Hegel and Hobbes points out that although Hegel very often alluded, to Kant, Fichte and Rousseau (in the later writings), he never mentions Hobbes (Peperzak (1995) p. 205).

<sup>221</sup> Compare with later Hegel on formalism and empiricism *PR* par. 189, *Philosophy of Mind* p. 26.

the different forms of formalism of Kant and Fichte and the different types of pure empiricism which reminds us very much of the Cartesian natural philosophy applied to social matters, as was attempted by Hobbes and Locke, and the common sense scientific empiricism of political economy (Smith, Steuart).

The pure and scientific empiricism is very much influenced by the Cartesian view of science. The enlightenment's natural law liberal thought, in its attempt to criticise the theological approach to natural law, attempted to apply the new scientific principles which had been advanced by the natural sciences to political and social science. Thus instead of presupposing a community of God, as for traditional natural law theory, Hobbes started his analysis from "the state of nature", of the war of all against all. The pure empiricism of natural law and contract theories offers a theory of society and an argument for the foundation of the modern sovereign. The social is reconstructed as the multiplicity of the state of nature or what is called *chaos*. *Chaos* is indeterminate, it is a multitude of particularities and oppositions according to an empirically posited necessity (NLE p. 64). Society is perceived as being in the state of nature and thus as an aggregate of individuals.<sup>222</sup> Moreover man is considered as an abstraction in a negative relation to other atoms. The relation among individuals is reduced to the state of mutual destruction, similar to the relations of clashing atoms, to use the metaphor from the science of physics.<sup>223</sup>

That was identified by the natural law theories as "the state of nature", the "war of all against all", where the weaker is subject to the power of the strong (NLE p. 65). In other words, the state of nature is viewed as the precondition of the social and thus of the political contract which leads to the establishment of the modern sovereign. The contractual agreement among individuals is possible on the cognitive rational basis of

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<sup>222</sup> Chaos and the state of nature in *NLE* is the way of representing multiplicity through the empirical science of natural law. On the question of the state of nature and struggle for recognition see also the *Jena Writings* 1805-6 (pp. 110-111).

<sup>223</sup> On natural science and its influence in the enlightenment thought Skinner (1965).

rational self-interested individuals. On this condition the rational foundation of the power of the modern sovereign is established, and this is also reflected in the way that the power and the limits of the power of the monarch are constructed (NLE pp. 123-124, 127, 130).

In the pure empirical science of natural law the relation among individuals as a rational relation is represented on a cognitive level. The social relation of interdependence is represented and guaranteed by the external power of the sovereign, but also it is the source of the justification of the modern sovereign. Hegel holds, in his early critique of contract theory and scientific natural law, that this representation of the "state of nature" is merely a fiction in the sense that it is an abstraction. A positive evaluation of this abstract formulation of the social is that it is based on the idea of the original qualities and potentialities of the social multiplicity of interests.

The difference between pure empiricism and the scientific empiricism of political economy is that the latter draws its criteria from the multiplicity of "the system of reality" and thus seeks the rationality of the mass of relations and interests in this very multiplicity and in real economic relations.<sup>224</sup> What necessarily arises merely from this multiplicity and the distinction from the accidental is its formal, analytical, logical unity as an absolute negative unity. At this point it resembles pure empiricism. This formal unity already encloses a determinacy which has been placed by thinking and is characteristic of modern science in general. Therefore, it has the appearance of necessity and is only a negative formal, and in addition a systematic representation of the whole. Formal necessity is only analytical necessity (NLE p. 61), which in the case of political economy offers an analysis of the real relations of interdependence in the "system of needs" as developed in its more complete version in the PR.

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<sup>224</sup> See Hegel's discussion of political economy in the PR.

The empirical science strives for a formal negative unity which includes a determinacy posited only by thinking. This determinacy offers to the empirical science the appearance of necessity and instead of representing the whole, is only one determinacy among others. Nevertheless, it lies in a formal and analytical necessity as the unity of a fragmented multiplicity (NLE p. 61). Empirical science falls into contradictions when it "asserts" its principles which result from empirical observation as absolute or even objective. It is rather in a relationship with something external that is possible to achieve unity and then merely in its negative form. Empiricism constructed the science of natural law in such a way that the idea of the absolute emerged in a complete, albeit distorted way, in contrast to formalism that absolutises one single moment of the absolute. At the end of the day both philosophies posited the absolute as only one-sided and as negative absolute.<sup>225</sup>

However, empirical science as a negative science, in the sense that it presupposes an internal contradiction, acquires its inner necessity as an autonomous science. Scientific development is independent and free.<sup>226</sup> But only through the negative formal aspect of the absolute does science become science in its form. In this way, science is under an externally posited necessity, although it enjoys an internal freedom and autonomy in the realm of the particular science and the principles that it posits. This form of science is characterised by the distinction of the fixity of its concepts, and intuition<sup>227</sup> in tackling its subject matter. Its rationality lies in the united picture, with the logical element which takes it up to the purely ideal, and the rational element of pure empiricism.

For scientific empiricism the subject matter is the system of needs and the politico-economic relations involved. I shall examine the split between political and economic spheres in a separate section. In section three I shall look at the critique of formalism

<sup>225</sup> Gruyberghs (1989) pp. 82, 93, Dickey (1987) p. 209.

<sup>226</sup> See *Aesthetics* VI p. 138 on the conformity to the law and geometry.

<sup>227</sup> On intuition (*Anschauung*) and the concept see NLE 56, p. 436.

which seems to resemble pure empiricism in that it posits some *a priori* principles which for formalism are assumed. In other words, what Hegel criticises in Kant and Fichte is their idea of morality and practical philosophy based on reason as the legislative power (Kant), and the formalist separation of morality and legality (Fichte). What should be kept in mind is that both these critiques are part of Hegel's inquiry into the foundation of the speculative science of law, as differentiated by empirical natural law theory, the science of morals and critical practical philosophy, and lastly in relation to modern politico economic developments.

### **3. Critique of formalism or of the "trickery of reason".**

Both Kant's and Fichte's theories of natural law are formalist since they set their principles *a priori*. Kant's critical transcendental philosophy derives its principles *a priori* according to the universal idea of legislative pure or practical reason as exposed in the *Critique of Pure Reason* and in the *Critique of Practical Reason*. This *apriorism* results in the subjectivism or negativity of reason. It belongs to the middle realm between nothing and reality, to a mixture of being and not-being, and thus it belongs only to the sphere of empirical thinking (*Meinen*). The positive effect of critical philosophy has turned out all the poorer, and has not been able to recover philosophy. Critical philosophy has placed the absolute wholly within practical moral philosophy, as Kant put it in the critique of practical reason. Critical philosophy, according to Hegel, by deriving its *a priori* principles in a critical relation to empirical reality, does not avoid, when practical matters arise, resolving into formalism or empiricism.

In other words, the "trickery" of reason is that it confuses the absolute with the conditioned character of the content of its maxims where lies pure reason's practical legislation (paraphrase NLE p. 79). Kant's *apriori* universal principles of legislative



reason are tautological, by demanding the unity in the form and resulting in an analytic unity. At this point formalism is comparable to pure empiricism. In Kant's critique of pure reason this unity presupposes the transcendental categories of pure reason, which are synthetic categories (NLE p. 79). In the critique of practical reason universality is to be found on the level of the moral and rational nature of the individual, but also on the maxim of the categorical imperative. The latter derives from the moral and rational idea of individuality in abstraction from historical content, particularity, and moral conflicts. On that level of generality it is possible to have criteria which are valid for conflicting perspectives and viewpoints. But since the truth concerns the content, the principle of judgement is set up by practical reason as duty and right. Practical reason has no other content apart from moral duty and its moral legislation. This lack of other content leads to moral or amoral tautologies by justifying different or even conflicting actions, which are nevertheless supported by the doctrine of the categorical imperative, the central feature of Kant's practical philosophy.

The antinomies of practical reason which are analysed in both the critiques of pure and practical reason are further illustrated by the critique of the categorical imperative and the example of the deposit.<sup>228</sup> In other words, somebody entrusts something to somebody else. Should the one that received the deposit keep it or should he return it if there is no evidence of him having it? The last proposition could be read as, one should keep his/her promise. At the moment that the particular question reaches the level of universality of the categorical imperative, i.e. people need to keep promises and therefore respect deposits, Hegel argues that it cancels itself in the universality of moral law and is turned into something else if it is to be valid from a universal standpoint (NLE p. 81). The idea of keeping promises with regard to the deposit which is "entrusted to you" as moral agent is conditioned by the private property

<sup>228</sup> The critique of the idea of moral duty and the deposit is for many commentators the way that Hegel illustrated the difference between morality and the ethical life. The moral task is a tautology because the concept of deposit is presupposed. Fetscher (1973) p. 195.

relations presupposed by the idea of the deposit. In other words, the individual's judgement of one's moral duty to keep a promise and return a deposit is not subject to individual's morality but to the laws of private property. Hegel's point is that Kant's moral imperative presupposes that the law of property is important, even if it appears as the second nature of the moral agent and part of the individual's internalised morality.<sup>229</sup> The law of property becomes a content for the moral commands. One's action to return the deposit to whom it belongs, and thus keep one's promise, Hegel would argue, is not merely a moral decision according to one's moral duty, but is somehow involves an idea of respect of the law of property.

Further, the action of returning the deposit, apart from being a relation to somebody's moral duty, to one's friend, is also a form of recognition of the law of property. To avoid the identity of morality (i.e. action according to one's duty, and thus according to moral law) and legality, (i.e. action according to the law or to avoid punishment) Kant says that the action of not returning the deposit would cancel the idea of the deposit and thus relations of trust which are not altogether subject to property and penal law. Practical reason can lead to an action which is acted for the sake of law but also is moral and generally acceptable. However, the distinctions are not very clear and that led Kant to his third critique, *The Critique of Judgement*. In the context of practical reason Kant employs the idea of the autonomy and self-limitation

<sup>229</sup> Nietzsche, in the *Genealogy of Morals*, following Hegel, criticizes the dialectic of reason, expressing his antipathy to domination. He shows reason and morality in its relation to the former codes of punishment: how cruel was the process which educated people into the feeling of guilt, and so by which Germans became a "nation of thinkers". For Nietzsche, reason is dealt with as follows: "Ah, reason, seriousness, mastery over the affects, the whole things called reflection, all these prerogatives and showpieces of man: how dearly they have bought! how much blood and cruelty lies in the bottom of all 'good things!'" (p. 62)

The reason to which Nietzsche refers is the reason of the "free" man who possesses his will and his measure of value (*Ibid.*, #2). This free man comes to "reason" and participates to the advantage of society. The punishment for the criminal is the requital which is paid back, based on his will for action and his guilt. The free man can give promises, although the suspicion of the other is presupposed (*Ibid.*, #5). Thus he is part of the contractual relation between "creditor and debtor which is old as the idea of 'legal subjects'" and in turn points back to the fundamental forms of buying, selling, trade, and traffic" (*Ibid.*, #4).

of practical reason by which it preserves its relative freedom and autonomy.<sup>230</sup> For Hegel, although Kant's critique of reason in its different forms is conflicting and antinomical, the idea of the moral subject as subject of moral consciousness is central for his critique of morality in his political and phenomenological writings as the experience of the different forms of consciousness and also the characteristic of the modern subject.

Kant's discussion of morality and legality as action according to the law is distinguished from Fichte's. Both views, moral and legal, thus become possible and are equally positive (NLE p. 84). Hegel examines Fichte's logic and ironically takes it to its extremes. Legality, as represented by the state which also enforces the law, leads to the identification of the state with a coercive mechanism of punishment on the basis of the civil or penal code which protects property. According to this syllogism the state is compared with the market mechanism, and its laws with the laws of the economy and of market. The state appears as the juridical power that trades in specific wares (*Markt mit Bestimmtheiten*), called crimes for sale in exchange for other specific wares, i.e. punishment (paraphrase NLE p. 92). The legal civil code is the price-list.

And Hegel continues:

"But however null this abstraction and the relation of externality arising from it may be, the moment of the negatively absolute or infinity (which is indicated in this example as determining the relation of crime and punishment) is the moment of the Absolute itself and must be exhibited in absolute ethical life" (NLE p. 92).

In other words, this mechanistic view of the question of punishment assumes a particular relation between the economy of the market and the political. However, punishment of crime also assumes an idea of justice or the need for objectively evaluating the relation between an action, i.e. crime, and the punishment it deserves.

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<sup>230</sup> Kant's *Essay on Orientation in Thinking, Critique of Pure Reason*, Rose (1981) pp. 187-190, NLE p. 57.

The need for judging represents the negative aspect of the absolute as possibility in a negative form. This for Hegel will lead us to the true concept and relation addressed by the practical sciences (paraphrase NLE p. 92). In short, the nullity of dealing with the legal code in its abstraction is that it is not presented as an independent system or mechanism, but as the negative formal aspect of the absolute ethical life, which in the particular case of crime and punishment corresponds to the idea of justice, which in the above case is considered as negative.

In short, Hegel argues that the moral autonomy postulated by practical reason is institutionally conditioned. Thus what is posited as "absolute" moral law is subject to ethical life, and in particular to the modern idea of the subject in relation to positive law. Thus, when it is to judge on a particular matter it results either in the cancellation of the particular into the universal, where the conformity to the law identifies the content to be judged with the form of the rule, i.e. tautologies, or in the idea of moral autonomy on the basis of the conflicting nature of the universal maxim. I shall illustrate further in the next section how Hegel is critical of this distinction, which reproduces the opposition between the legal forms of the modern coercive legally-defined state, and the moral autonomy of the individual supported by the idea of reason being part of the individual's moral nature.

#### **4. The science of morals and of natural law.**

The dichotomy of legality and morality from the standpoint of the relation between natural law science and the practical science of morals is presupposed for Hegel's speculative science of right. For the latter, what is at stake is the relation of right and positive law and the way that individual morality is dealt with. In other words, his critique of the tautological nature of morality on the basis of the legislation of practical reason neither implies that the natural law science is also tautological (NLE

p. 112), nor that morality, because of its conflicting nature, is to be abandoned by the science of natural law altogether. A formal separation into morality and legality and the reduction of natural law science to positive law would impoverish both sciences.

Both natural law and the science of morals are represented as the negative aspect of the absolute ethical life and wrongly posit laws which are conditioned as being infinite and absolute. Thus the problem with formalism and formal moral law is that it absolutises what is conditioned historically. Nevertheless, individual moral virtues such as good will, courage, moderation are also the subject matter of morality, but are not necessarily identified with the subject matter of the natural law science. These virtues are the reflection of the pure consciousness or the real empirical consciousness. Bourgeois consciousness, "preoccupied with the fixed reality, with possession and property", reduced morality to the morality of the private individual.

The relation of natural law and individual morality is a product of modern times. In the sense that in the ancient city state individuals are primarily citizens of the state and the conflict of natural law and state law is the fate of the hero/ine, who is not yet the individual in its rightful existence. Property relations are excluded from the matters of the city and the relations between citizens. The citizen "owns" his slave and the relation between slave and the master is not a moral relation but a relation of dependence. The particularity of modern society lies precisely in that it develops the relations of property into an ethical relation mediated by formal right and positive law. The equality among citizens is extended to the equality among human beings who could buy their freedom by owning property and thus become private individuals. The science of morality, although historically conditioned, is not merely reduced to its particular content or to a tautology.

"A science of this morality is thus, first, a knowledge of these relations themselves, so that insofar as they are studied with reference to ethical life, a reference that can only be formal owing to their absolute fixity, the above-mentioned enunciation of tautology finds its place here: this relation is only this relation. ... At the same time, the true sense of tautology directly implies that this relation itself is not absolute, and thus that morality too, which is dependent on it, is something contingent and not truly ethical. This true sense, according to what was said above, emerges from the fact that only the form of the concept, the analytic unity, is the absolute, and hence the negatively absolute, because the content, by being specific, contradicts the form" (NLE p. 114).

The science of morals

"properly deals only with the area of the inherently negative, while the true positive belongs to natural law as is implied in its name. *Natural law is to construct how ethical nature attains its true right*" (NLE p. 113 emphasis added).

This is a crucial distinction between the science of morals and natural law science. The construction of the ethical nature of right must explain how natural law becomes positive law, and the positive science of jurisprudence examines how it acquires the power to enforce right and law. Hegel reverses this relation, and after establishing the difference in abstract terms he says the essence of natural law is formal and negative and the essence of morality positive and absolute (NLE p. 116).

The determination of the relation between natural law science and morality in the NLE is orientated towards the relational character of the ethical which in the first place appears as the positive or negative aspect of the totality of the absolute ethical life. It is what Hegel calls relative ethical life.

In the SDS fragment, written after the NLE and published only after Hegel's death, Hegel is more explicit in defining the difference between the sciences of morals and of natural law. It is not that the former is sundered and completely excluded from the latter, as a formalist approach would suggest. For the subject matter of morality is contained in natural law, in such a way that the moral virtues represent the negative

subjective aspect of the ethical life which also reflects subjectivity in its singularity. In other words, modern subjectivity involves the examination of the individual's morality who is also subject of law. Therefore, the appearance of the ethical life is singular, and negative. It is the possibility realised through the subjectivity of the individual (SDS pp. 146-7). For the NLE this singularity is a living relation, which is approached as the subject of the science of law and political economy, and the particular form of social relations in modern ethical life.

### **5. Natural law and positive Jurisprudence.**

The transformation of the relation between natural rights and positive law is the distinctive element of the modern ethical life (NLE p. 93). The modern science of rights differs from traditional jurisprudence to the extent that it addresses the relation between modern jurisprudence and political economy. Both systems of positive law and political economy appear as negative and distinct systems. Hegel draws attention to the relation between the modern economic sphere and Jurisprudence as the basis of the modern science of law, but also as a form of rationality which informs the modern science of right. It has been argued that political economy and the liberal approach of the natural law tradition incorporate natural law principles into their social theory, in contrast to the contractarian theories of the sovereign or the absolutist theological justification.

For Hegel what is at stake in his examination of natural law in relation to the positive system of law is that it is an ethical relation, negative in its form. Modern ethical life is segregated into relative and absolute ethical life, and this relation in the *NLE* is reconstructed through the critique of right and the positive science of law. The particularity of the modern ethical life is that the relation of natural law has a double expression, on the one hand, in jurisprudence, and on the other hand, in what Hegel

calls the "system of reality" as subject matter of political economy. In this double realisation of natural law lies the particular form of modern ethics. The science of right is not merely a critique of morality or practical morality or what Hegel ironically calls the critique of "natural right or wrong" (NLE p. 113). Instead, it is a critique of the relation between natural and positive law, which involves history arbitrariness and violence. In other words, natural law is not exhausted in the sphere of the science of morals and thus subjectivity becomes subject of law through the legal personality of the citizen and the property owner. Further, this led to the separation between state and economy. The separation of the state and economy is made possible by positive law, and thus this distinction is represented in formal terms.

Herein lies the foundation of modern right as objective positive law as developed and criticised in Hegel's later political and philosophical writings. Hegel acknowledges the particular foundation of the modern science of rights as differentiated from the natural law tradition in the way he addresses the foundation of the speculative science of rights in the relation between jurisprudence and the "system of reality".

He employs two standpoints to articulate this relation: First, from the external side by linking universality with particularity and specification (NLE p. 129) and second, by dealing with positive science from its material side, i.e., with the particular as such (NLE p. 125). The sphere of law is constituted in the divided ethical life, and since this split is reconstructed not in terms of identity but of relative identity, this relation is an ethical one.<sup>231</sup>

<sup>231</sup> In the SDS, relative ethical life is defined as the form of *Sittlichkeit*.

*"Diese Form der Sittlichkeit, schafft also das Recht und ist R e c h t s c h a f f e n h e i t. ... Ihre Totalität ist die empirische Existenz des Einzelnen, deren Erhaltung sie an sich und andern sich angelegen sein läßt"* (GSDS p. 60).

The English translation offered by Harris goes as follows:

"Thus this form of ethical life fashions legal right and is honesty....The totality of relative ethical life is the empirical existence of the single individual, and the maintenance of that existence is felt to devolve upon himself and others" (SDS p. 149).



## 6. Political economy and the speculative science of right.

Political economy has as its subject the "system of reality" or what Hegel calls in his later writings "the system of needs".

"These realities in their pure inner formlessness and simplicity (i.e., these feelings) are in the practical sphere feelings which reconstruct themselves out of difference and, passing from the cancellation (*Aufhebung*) of undifferentiated self-awareness, are restored through an annihilation of perceptions (*Anschauung*). These are the physical needs and enjoyments which, put again on their own account in a totality, obey in their infinite intertwining one single necessity and the *system of universal mutual dependence in relation to physical needs and work and the amassing [of wealth] for these needs*" (NLE p. 94).

Therefore, the subject of political economy is not merely the chaotic state of nature, as pure empiricism argued. Political economy does not merely start from the chaotic situation among individual atoms. It inquires into the relations of mutual interdependence which are not merely cognitive, or part of individuals' nature, but also a universal system of interdependence. To put it in a nutshell, what distinguishes the method of political economy from the natural law tradition is that instead of offering an analysis of the communities of God or an analysis of the state of nature which leads to the social contract, it highlights the relations of dependence in civil society based on the social relations of labour and division of labour.<sup>232</sup> In that sense, although political economy embodies the contractarian view of natural law and contract theories in explaining the relations of exchange and contract, it also developed this logic to its extremes by showing its practical contradictions when used without an analysis of labour, needs and the relations of interdependence on the basis of some common value. This idea of social interdependence takes a systematic form in what Hegel calls the "system of reality", or "system of needs" as system of universal dependence.

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<sup>232</sup> Dickey (1987) pp. 215-6.

*"And this system, as a science, is the system of the so-called political economy. Since this system of reality rests entirely on negativity and infinity, it follows for its relation to the positive totality that it must be treated wholly negatively by the latter, and must remain subject to the domination of this relation. Whatever is by nature negative must remain negative and may not become fixed. In order to prevent this system from becoming a self-constituting and independent power, it is not enough to set up the propositions that every one has the right to live, that in a people the commonweal has to see to it that every citizen shall have a sufficiency, and that there be perfect security and ease of gain. This last proposition, understood as an absolute principle, would on the contrary exclude a negative treatment of the system of possession, and would allow the system full sway to entrench itself absolutely"* (NLE p. 94 emphasis added).

The system of the relations of interdependence becomes an independent power, the negative system of possession. Negative in the sense that it lies in the principles of exclusion. The absolute principle, let us say, that *every citizen* has an equal right to live and equal opportunity to make profits and secure his/her property is the principle posited in order to avoid the system becoming negative. This principle is contradicted by empirical inequalities, and thus as a scientific principle first points to the difference between a universal demand for equality and the negative system of possession and property. This acknowledgement of the difference is determined by measuring the degree of inequality (NLE pp. 94-5). The opposition between the principle of equality and inequality on the level of empirical observation is the opposition of the relative identity between the pure reality (inequality) and ideality (equality) of two opposed determinacies. For Hegel this indicates a formal identity which seems to be common to modern science. This opposition is resolved in the measuring (in this case of inequality) and thus in the increase of distinctions and subdivisions, which is best shown in modern legislation as the formal aspect of a growing development or as the development of modern science (NLE p. 97).

This development in absolute ethical life is a negative development, and thus relative, which has to be seen as a relation between relative ethical life and absolute ethical life

(NLE p. 98). The latter relation is a practical relation between subjectivity and objectivity. By subjectivity is understood the individuality of feeling or physical necessity and by objectivity, work and possession. Law is the formal representation of this relation.

The spheres of law and political economy are constituted and are an expression of this relation as a relation of relative identity. The negative aspect of this division is the foundation of the science or the system of law as separate from political economy. The separation of the state and economy, rather than being formally posited by positive law and abstract right (NLE p. 116), had for Hegel to be viewed from an ethical point of view, i.e. as a relation in the context of relative ethical life.

This is made more clear in the reconstruction of the different forms of this relation in the SDS and the *Jena Realphilosophie*, but also later in the PR which I shall examine in the following chapters. In the last section of this chapter I will examine the idea of ethical life not merely as the relation of absolute and relative ethical life, but as a form of organisation and as a living relation.

### **7. Modern *Sittlichkeit* and living ethical. life**

Hegel's critique of the empirical and formal science of natural law, but also of positive modern science, led to the articulation of the different forms of ethical organisation as perceived by the modern science of the natural law. His philosophical understanding of the science of ethics was historically contrasted to, but also philosophically influenced by, the classic philosophies of Plato and Aristotle and their view of the idea of the *ethos*.<sup>233</sup>

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<sup>233</sup> Aristotle was a common source of influence for the Scots as well. Hutcheson explicitly refers to him, and Smith was also very familiar with Plato's dialogues and the classics which were the subject of his *Lectures on Rhetoric*.

Hegel quotes Aristotle and Plato on the question of ethical life as a form of social organisation. What is the highest social task for social organisation is the idea of "*politeuiv*", i.e. "living in and with and for one's people, leading a general life wholly devoted to the public interest-or else the task of philosophising" (NLE p. 100). However, the highest social task is only enjoyed by the free citizens, in antithesis to people living in unfreedom and slaves. The classic divisions presented in Plato's *Republic* are viewed by Hegel from a modern perspective. The class of non-citizens for Hegel represents the class of need and work, property law and justice, possession and property, i.e. the modern bourgeoisie. The third class lacks understanding of the difference of freedom and unfreedom. Freedom is the characteristic of the second class. The third class is neither free nor unfree but is bound to the slavery of unmediated work and need.

These first ideas of society on the basis of its social distinction into classes are later modified and further elaborated in the SDS and *Jena Writings*, as I shall examine in the next chapter. For the NLE classes are formed according to the absolute necessity of the ethical life (NLE p. 99). Thus it is part of Hegel's first attempt to develop a theory of *Sittlichkeit* on its social basis. Hegel reflects on modern social divisions on that positive basis, as the reflective relation between relative and absolute ethical life. In return, the absolute division of social classes can be the subject of this relation.

In the modern world the second class becomes of particular importance and its role is influential in shaping new forms of labour and organisation of ethical life. In the modern world the organisation of labour and the division of labour was also followed by the distinction between private and public bourgeois and citizens. This conflict is what characterises the modern subject. In antiquity the distinction is on the level of the household and public life of the *agora* in the polis between slave labour and the life of the free citizen. This distinction is fundamental for the Greek polis and the unity achieved (NLE p. 102). In the modern world, due to the division of labour, the

individual belongs to a class according to the labour that he/she performs and then also is a citizen in the state.

Despite the similarities between the role of classes in the *Republic* and in the modern form of society, modern ethical organisation privileged the economic characteristics of classes which were generated in a socially divided society. Reflecting on this difference, Hegel of the *Philosophy of Right* draws the conceptual distinction between *Klasse* and *Stände* which precisely points out the different role between negatively, i.e. on the basis of property relations, defined classes and the ethical political role of the *Stände*.

The negative distinction on the basis of individual property owners is comparable to what Hobbes calls the "state of nature", assessed as far too negative to be a source of social and ethical distinctions. Albeit that the particularity of modern ethical life is due to its particular form of negativity.

"This totality of the widespread image is the justification of the single as an existent. It is therefore the *formal* standpoint which gives the form of particularity to an individuality and cancels the life in which particularity is real; it is the *empirical* standpoint, on the other hand, which demands a higher stage where the reality of a specific stage is laid down. That higher stage, even in its developed reality, is empirically just as much present [as the lower one]; the higher development of the life of the plant is present in the polyp, higher development in the insect, etc." (NLE p. 127).

In the *NLE* the totality of the ethical life is approached on the basis of a dichotomy, as actualised by formalism and empiricism. Both standpoints are complementary to the extent that they highlight different views of ethical life, or what Hegel calls the totality of absolute ethical life. They highlight the different aspects of the absolute of ethical

life and reflect at the same time its modern and relative character. The question is still open how the absolute ethical life in its relation of relative identity to relative ethical life reflects the living aspect of ethical life.

To distinguish what is living, we must recall a distinction which can elude a formal approach and which must prevent us from taking what is inherently negative for the living law, and the rule of the inherently negative laws for the life of the ethical organisation (NLE p. 130). The absolute ethical order is the living whole, within which there are indeed differences, but differences of a different kind. In antiquity differences are united, like the parts of the living body, by common life (SDS p. 102). The modern form of difference lies in the way it reconstructs the *essentially living relation* of parts and the whole.

Ethical life is to be achieved in the unity of the identity/non-identity of the universal and the particular, rather than merely in the relative relation of opposition of the particular and the universal (NLE p. 126). Thus it is not philosophy which takes the particular for something positive, just because it is a particular. On the contrary, philosophy does so only if the particular has won independence as a single part outside the absolute cohesion of the whole.

"At the same time it is necessary for individuality to advance through metamorphoses, and for all that belongs to the dominant stage to weaken and die, so that all stages of necessity appear as such stages in this individuality. But the misfortune of the period of transition (i.e., that this strengthening of the new formation has not yet cleansed itself absolutely of the past) is where the positive resides ... The shape, in its new-born strength, at this first exists for itself alone, before it becomes conscious of its relation to an other" (NLE pp. 131-2).

The philosophy of ethics teaches us to comprehend the transition which appears as necessity, and to know the connection of its content and the contents of specific character as absolutely bound up with the spirit and as its living body. Positive has in the event turned out to be the negative considered in itself. Life fends off involvement with the negative, it confronts the negative as objective and fate,<sup>234</sup> and by consciously conceding to the negative a power and a realm, at the sacrifice of a part of itself, it maintains its own life purified of the negative (NLE p.133).

Hegel uses Montesquieu's work to criticise formalism as represented in his search for the individuality of the modern nation. In Hegel's words:

"while he did not rise to the height of the most living Idea, he yet did not merely deduce individual institutions and laws from the so-called reason, nor merely abstracted them from experience to raise them thereafter to some universal. *On the contrary he comprehended both the higher relationships of constitutional law and the lower specifications of civil relationships down to the wills, marriage laws, etc., entirely from the character of the whole and its individuality.*" (NLE p. 128 emphasis added).

Thus Montesquieu showed that reason, and common sense experience, are not to be taken *a priori*, which would be as absolutely universal, but as relations which have an individuality. It is of particular interest how Hegel deals with the question of individuality in a period of transition in the case of the construction of the German nation state from feudalism.

In a period of transition that the modern nation did not yet exist as a modern nation on the basis of modern law the state of affairs was falling back to the feudal system.

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<sup>234</sup> Rose (1981) p. 155.

The latter could not bear the relation of law but only of personality and of power relations between them (NLE p. 128). This would mean the disintegration of the German nation, where its laws organising the whole had some importance for the feudal past which existed in the present in a contradictory form, i.e. as representing the past. The concrete historical relation between feudalism and the nation state was instead the living relation between the two.<sup>235</sup>

What is a living relation on a conceptual level is the way that particular forms of ethical life reconstruct the relation between organic and inorganic ethical elements. For Hegel this complex relation led him to the inquiry into the relation between natural law and positive law (NLE p.130).

"The shape, in its new born strength at first exists for itself alone, before *it becomes conscious of its relation to the other*. Just so the growing individuality has both the delight of the leap of entering a new form and also an enduring pleasure in its new form, until it gradually opens up to the negative, and in its decline too it is sudden and brittle" (NLE p. 132, emphasis added).

The absolute ethical life examined positively and negatively offers a form of universal knowledge. This "must present itself as a system of *legislation*. In such a way that the system completely expresses reality or the living customs present in the nation" (NLE p. 116). These laws in the case of a disintegrated nation represent this disintegration.

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<sup>235</sup> Bobbio (1975) examines the historical school and the codification of law in the German legal discussions (pp. 85-87). See also Gierke *int.*, Marcuse (1941) in conclusion, Croce (1969) p. 201.



A "dualism" seems to run through this argument, which results in the articulation of an ethical relation as the living unity of the ethical whole. The *dualism* or *relation of opposition* at the end of the *NLE* is "superseded" into the new unity represented in two standpoints which resolve into the unity of the absolute ethical life as a living changeable relation. In other words, to use the metaphor of the relation of the organic/inorganic or the living, the different forms of life are distinguished in the way that they represent and acknowledge this relation as an absolute one.

In the *NLE* Hegel works out the speculative science of natural law that acknowledges and overcome the one-sidedness and negativity of both empirical and formal natural law. In doing so Hegel employs the idea of ethos and the elaboration of modern ethical life as the relation between absolute and relative ethical life as the living and historical relation. This is illustrated by the examination of the relation between natural law and morality, natural law and positive law, right and political economy. This discussion is to be examined as the ethical relation which reflects a period of transition from feudalism to the modern nation state (taken as *Volk*) and the foundations of the rule of law and the modern nation. The inquiry in the foundation of modern natural law science made a shift from the empirical and formal ways of dealing with natural law and incorporated a politico-economic account in the science of right and positive law.

In the next chapter I shall deal with the way that this shift towards political economy and ethical life lead into a discussion of ethical life which incorporated the analysis of

labour/division of labour and consciousness as a practical and ethical relation of property, contract, law and right.<sup>236</sup>

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<sup>236</sup> Gruysberghs (1989) p. 117, Leijen (1989) p. 122.

## **Chapter seven**

### **1. Labour, mechanical labour and consciousness**

This chapter examines the arguments developed in the SDS and the *Realphilosophie*, i.e. FPS, PS on modern ethical life as a "system", on the basis of the politico-economic and legal categories, and Hegel's idea of the "system of needs". Although a number of ideas seem to be repeated in SDS, FPS and PS, there are some modifications in their presentation but also in their content. I shall mainly focus on the early analysis of labour, division of labour, property, contract, exchange, system of needs and classes as the conceptual but also universal form of approaching modern ethical life.

These texts published in English in the seventies and eighties, are important for the re-appropriation of early Hegel in critical social theory. The debate about these texts acknowledges their importance for both Hegel's phenomenological but also politico-philosophical writings. The former as spirit viewed from a subjective standpoint and the later with what is called in the later writings objective spirit.<sup>237</sup> Both standpoints are to be comprehended as different views on spirit and thus spirit comprises both. In that sense the importance of these texts lies precisely in that Hegel had not yet drawn the distinction between the different aspects of what he calls the philosophy of spirit. Harris (1979) recommends that the SDS is read together with the FPS 1803/4 and the PS 1805/6. In the latter texts the ethical consciousness of free people is viewed from a speculative point of view and thus the understanding of this text is a significant step for Hegel's theory of consciousness. In other words, the "systematic" approach on ethical life offered in the SDS is to be examined in the context of the philosophy of spirit. Hegel moved from the "Schellingesque" influence into developing a philosophy

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<sup>237</sup> Avineri (1972) p. 87.

of spirit. According to Harris that offers insights on the way that the *PR* was latter structured.<sup>238</sup> For both Cullen (1979) and Harris (1979) these texts offer "the general outline" for Hegel's mature political theory, and they can be read as the first draft of the *PR*.<sup>239</sup>

Rose holds that in these early writings is offered the "first phenomenology" and compares it to the *Phenomenology of Spirit*.<sup>240</sup> In contrast to the readings that put emphasis in the content of these writings she underlines the phenomenological importance of these texts which lies not merely in the examination of their content but also in the form of their presentation. This aspect of Hegel's argument is crucial for both the political and phenomenological writings but also the way that the subject matter is conceptually expounded.

According to Göhler (1974) the *SDS* and the *Realphilosophie* was the first systematic attempt towards the evaluation of social and political (*staatlicher*) phenomena and in particular of the relation between the state and civil society (*Bürgerliche Gesellschaft*), which appears in its own right in the later political writings.<sup>241</sup> With regard to the relation between the *SDS* and the *Realphilosophie* there are some systematic changes between the *SDS* and the *Realphilosophie*, which result in the different evaluation of social phenomena. For the *Realphilosophie*, the experience of consciousness and the struggle for recognition is a substantial part of the analysis of modern social relations. Instead, the *SDS* offers an analysis starting from the simple level (*Potenz*) of the natural individual and the natural form of labour. This simple, individualistic starting point is grounded in the natural law tradition and is twofold; first, it refers to modern

<sup>238</sup> Harris (1979) p. 191-192.

<sup>239</sup> Cullen (1979) p. 19, ch 4, p. 58. Harris (1979) p. 99.

<sup>240</sup> The comparison she draws is as follows: 1) absolute ethical life is presented according to its relation as individual experience (*Phenomenology* ch IV). 2) absolute ethical life is presented as relative ethical life which is called "the negative or freedom of crime" in the *SDS*. Individuals recognise each other as means to particular ends (*Phenomenology* ch V). 3) Absolute ethical life is presented from the prevalent standpoint of the whole in its ethical, cultural and moral forms (ch VI), p. 159.

<sup>241</sup> Göhler (1974) p. 477.

liberal natural law, and second, to the link with antiquity, in that antiquity lacks the modern divisions of property and contract relations and the structures of recognition related to them. In both *SDS* and *FPS* abstract labour, division of labour, and contract are examined in the specific sphere of social determination in the sense of naming and supplementing the abstract economic and legal universal structures. In both systems there are some similarities with regard to their content, although on the whole they are different in the way they tackle their content.<sup>242</sup>

For Riedel (1984) the influence of Aristotle appears more strikingly in the earliest sketch of a political system in the *SDS*.<sup>243</sup> The division of work in Aristotle does not imply private property relations. The product of divided work is instead communal property. In the *SDS* Hegel reproduces the classical distinction of economics and politics on the basis of modern political economy, which had broken through the classical dividing lines. The rise of political economy and the rise of civil society of property owners challenged the classic distinction of *oikos* and *politiki kinonia*.<sup>244</sup> In antiquity communal property rules out the questions which arise later from private property relations. In the *Realphilosophie* the "system of reality" refers to the distinctions of property relations. The connection between the economic categories of modern natural law theory, enlightens the relation between political economy and formal law.

In both *SDS* and the *Realphilosophie* labour has a constitutive function. The development of social unity and universality is primarily logical and systematic, and has as its content labour relations.<sup>245</sup> Nevertheless, the account of labour is put in a different light and context in these texts. In the *SDS* the struggle for recognition is absent, but the social function of recognition is included and is shaped by economic

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<sup>242</sup> Ibid., p. 504.

<sup>243</sup> Riedel (1984) p. 112.

<sup>244</sup> Ibid., p. 170.

<sup>245</sup> Ibid., p. 489.

and legal trading (*Verkehrsformen*) in each case through the pre-social sphere without fundamental difference. The two levels of the natural *Sittlichkeit* in the *SDS* are described as the real spirit in the *Realphilosophie*.

The abstract analysis of social phenomena in the *SDS*, as falling into the economic and private law sphere, is replaced in the *Realphilosophie* by the analysis of contract and the abstract social relations. On the whole, the economic discussion of the *Realphilosophie* is contrasted with the *SDS*, but is not *essentially* modified in its content. Riedel following the classic politico-economic view followed by the *Volkswirtschaft* observes that there is no decisive development from antiquity to the modern economy with regard to their organisation. However the endorsement of the modern liberal doctrine in the *SDS* is what seems to be contrasted with antiquity. In the *Realphilosophie* this is better worked out and its logical necessity is further developed.<sup>246</sup> This abstract and logical actualisation of spirit is the conceptualisation of social relations as logical relations. This for Hegel sets the problem of alienation, externalisation and reification, i.e. of the universal logically presented relationships.

For Habermas this reification takes place also in the sphere of communication which is distinct from the sphere of production, and thus the logical reified relations are valid and operative only behind the "backs of the subjects". This examination of reified logical relations corresponds to the relations taking place in the sphere of production, which is separated from the sphere of communication.<sup>247</sup> Thus Habermas distinguishes between two forms of reification; first, on the level of the struggle for recognition in the context of the relation between individuals, where possession is gained by means of labour.<sup>248</sup> Recognition as mutual recognition is mediated by the individual's possessions. Second, reification in the labour process. The subject

<sup>246</sup> Ibid., p. 546.

<sup>247</sup> Habermas (1974) p. 148.

<sup>248</sup> Ibid., p. 149. For a discussion on reification in the critical social theory see Lukacs (1971) on reified consciousness and the capitalist reification pp. 99-102, Adorno (1973), Marcus (1982).

through its labour makes itself into a thing.<sup>249</sup> The tool is a middle category as is language.<sup>250</sup> Habermas seeks the unity of the formative process of spirit in an interconnection of the three fundamental dialectical "patterns"; symbolic representation, labour, and interaction.<sup>251</sup>

In the *Enzyklopedia*, as in the Jena writings, Hegel constructs the transition from the philosophy of nature to the philosophy of spirit.<sup>252</sup> Spirit is not merely the absolute presupposition of nature. This account is considered as a thesis of identity, according to which the interpretation of the dialectics of the representation and labour is perceived "idealistically". The model of externalisation is therefore based on that separation or division (*Entzweiung*) and alienation. Riedel (1984) highlighted that in the SDS and in the *Vorlesungen zur Realphilosophie 1803/4, 1805/6* work appears as the central moment of the constitution of spirit. In the NLE spirit cannot be identified with "ethical nature" nor can the latter be identified with the people in which it reflects itself, taking nature back into itself in the form of intellectual intuition.<sup>253</sup> In the SDS and in particular in the *Jena Writings* work becomes the problem of practical philosophy. Work itself is the basic form of spirit and as such is no longer degraded to a subordinate position in practical philosophy. Labour, the struggle of the subject with the object and the *objectification* of the struggle into the product of work, becomes for Hegel an essential moment in the historical mediation of consciousness. Hegel inverts the basis of classical practical philosophy. He *cancels* the *aporia* in his account of the relationship between labour and action.<sup>254</sup>

Politico-economic relations establish a system of solidarity and reciprocal dependence which requires other means for its dominance than the division and demarcation of

<sup>249</sup> Ibid., pp. 153-4.

<sup>250</sup> Ibid., p. 155.

<sup>251</sup> Ibid., p. 162.

<sup>252</sup> Ibid., p. 162.

<sup>253</sup> Riedel (1984) p. 17.

<sup>254</sup> Ibid., p. 19. See Caygill (1989) on practical judgment in Kant's thought pp. 251-267.

classes.<sup>255</sup> Consciousness and objectification is essential for the labouring individual. But in society labour and need are always universal; the abstraction lies in the 'for-itselfness' of the individuation of the individual, which completes itself within society.<sup>256</sup> The content of the individual labourer exceeds his need; he works for the needs of many as does everyone.

In the *Jena Writings* externalisation into thinghood in labour and enjoyment means that the thing itself enters into the process of social mediation and in it the moment of being recognised, the "general will", steps forward. Labour and exchange are forms of mediation which constitute "society" as a relation of will and right exchange, mediates his labour with the labour of all. In the same way that labour mediates the individual with himself and with nature as "thinghood", exchange mediates his labour with the labour of all.

In the PS spirit was the absolute of the people's spirit. In the FPS it is compared with people's work as absolute mechanical activity. Pure activity of ethical action transform people's spirit, in that it is not the individual that acts, but rather the universal absolute spirit in him. That is reflected in Hegel's analysis of mechanical labour. Objective spirit is the universal work which produces itself through the universal form of the division of labour. Will must fulfil itself at work. Free will is self-determined spirit which gives its determination external reality.<sup>257</sup>

Avineri (1972) distinguishes between a "philosophical anthropology"<sup>258</sup> to be found in Hegel's argument, and social critique. By the former he means the struggle for recognition which does not derive merely from physical needs but also has an anthropological significance. Yet there still remains an accidental element in

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<sup>255</sup> Ibid., p. 119

<sup>256</sup> Ibid., p. 120.

<sup>257</sup> Ibid., p. 27.

<sup>258</sup> What is known as philosophical anthropology has its roots in Kojève's reading of Hegel.



possession, even when turned into property, since the objects of property are related to this or that individual in a wholly arbitrary way. Through labour the accidentality of becoming into possession is superseded (*aufgehoben*).

Labour is the synthesis of objective and subjective.<sup>259</sup> The problematic aspect of labour is bound up with its social nature, in other words of labour which is contrary to an atomistic and individualistic view.<sup>260</sup> Abstract labour and the division of labour lead into a social critique which is the critique of industrial society based on the analysis of the real conditions of mechanical industrial labour.<sup>261</sup> Thus he develops the immanent link between the division of labour mechanisation and the alienating nature of labour.<sup>262</sup> For Avineri that also means the transformation of the form of the idea of social cohesion on the basis of the social character of labour rather than on the basis of natural law found in antiquity and in the modern ethical life.

Avineri (1973) argued that through the instrumentality of labour Hegel constructs the paradigm of a society differentiated according to labouring classes, and it is on this stratification, based on the division of labour, that he sets his concept of the political. This conception of society links Hegel to the Marxian analysis of society. Labour is necessarily connected with the alienation fundamental and immanent to the structure of society. For Marx the distinction between the particular capitalist form of production is related to the alienation and misery that arises from it. Marx offered a practical view of abolition of the capitalist form of production which on the conceptual level was reflected as the distinction between the social and the particular form of the division of labour.<sup>263</sup> There lies the difference between Hegel and Marx on the question of alienation.

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<sup>259</sup> Avineri (1972) p. 89.

<sup>260</sup> *Ibid.*, p. 91.

<sup>261</sup> *Ibid.*, pp. 89, 93.

<sup>262</sup> *Ibid.*, p. 104.

<sup>263</sup> *Ibid.*, p. 200.

Labour for Hegel is the positive outcome of man's confrontation with the natural objective world. The process of labour is the objectification of man's subjective powers, and it is through the instrumentality of work on an object that man, a subject, becomes an objective actuality. Externalisation as alienation (*Entäusserung*) in appropriation and in exchange. Yet in exchange, consciousness still accepts the external world as given, whereas in labour it is creating this world while simultaneously relating to other human beings. According to Avineri Hegel's early analysis of labour made him the earliest radical critic of the modern industrial system. Hegel responded to the "horrors" of industrial society by offering a philosophical and historical view of the political and social element of the modern institutions.<sup>264</sup>

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<sup>264</sup> *Ibid.*, pp. 201-207.

## A

1. The System of Ethical Life.

In the *SDS* Hegel presents in a more systematic form his views on ethical life and his political system.<sup>265</sup> The *SDS* was written at almost the same period as the *NLE*, and remained unpublished until after Hegel's death. In 1893 it was found in Hegel's *Nachlass*.<sup>266</sup> In the *SDS* the influence of political economy is very important for the elaboration of the politico-economic categories, and on this basis, of the perception of the modern ethical life. Hegel was influenced by Schelling and that is reflected in the way he presents his argument on three levels (*Potenzen*).

Despite the "Schellingsque" influence with regard to the mode of presentation of the subject-object relation, Hegel held different views to Schelling.<sup>267</sup> For Schelling, the relation of the subject-object is perceived as an identity relation. For Hegel, this subject-object relation led into questions of difference of ethical life. In addition, his studies of political economy led Hegel to elaborate his position by using politico-economic categories for the analysis and critique of modern society. Schelling's approach sees creative artistic activity as the real form of actualisation (*Verwirklichung*) of the identity of subject and object. Among the same lines Schiller, in his *Letters on the Aesthetic Education of Man*, also offers an Aesthetic critique of modernity.

<sup>265</sup> Rose (1981) highlights that philosophically it comes after the *NLE* p. 60. *SDS* was composed in 1802/3 and its first complete publication occurred in 1913 by Lasson (cited by Avineri (1972) p. 89). It was translated into English in 1979, although discussed by Shlomo Avineri in 1972 as an essential part of Hegel's political philosophy. See also Marcuse (1973) pp. 73-90, and Lukacs (1976) pp. 407-31.

<sup>266</sup> Rose (1981) p. 59.

<sup>267</sup> *Ibid.*, p. 60.

"... art itself is the medium for the education of the human race to true political freedom. This self-formative process is related not to the life of the individual but to the collective life ... of the people as a whole."<sup>268</sup>

Schiller turned against alienated labour and bureaucracy, against an intellectualised and overspecified science removed from every day problems in a way different to Hegel.<sup>269</sup> These questions are to be represented in artistic production, and through aesthetic representation he sought to revolutionise life. Aesthetic appearance develops a reconciling force only as appearance, only so long as he conscientiously abstains, in theory, from affirming the existence of this appearance, and renounces all attempts, in practice, to bestow existence by means of it.<sup>270</sup> Hegel, instead concentrated on the actual relations in the modern world.<sup>271</sup> For Hegel the conceptualisation of the relation between subject and object is located on the level of appearance (*Erscheinung*). The *SDS* starts with the explanation (*Erklärung*) of labour and from there moves on to other ethical relations. The former is achieved by starting from labour in totality as having three levels (*Potenzen*).

Dubsky argues that need is what breaks the identity between subject and object and divides them in the first place.<sup>272</sup> That lack of identity is to be found first on the level of feeling (*Gefühl*) as conscious feeling. That leads to the mediating concepts of labour, consumption, production and possession (*Besitz*).<sup>273</sup> The lack of identity that

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<sup>268</sup> Habermas (1974) p. 46.

<sup>269</sup> Ibid., p. 46.

<sup>270</sup> Habermas argues that the idea of the independent logics of the value spheres of science, morality is already concealed in Schiller, an idea that would later be worked out energetically by Emil Lask and Weber p. 49.

<sup>271</sup> Ioannidou (May 1991).

<sup>272</sup> Dubsky (1961) pp. 15-16.

<sup>273</sup> Dubsky (1961) p. 19.

presupposes need is the real mediation in the relation between men, subject and object.<sup>274</sup> In the SDS Hegel takes up the classic concept of labour as mediating "poesis" which stands in a qualitative difference with regard to the labour of the classes (*Stände*), and in relation to *Sittlichkeit*.

More specifically, in the *SDS* the emphasis is put on natural labour (*naturwuchsigen Arbeit*), which has a constitutive function for the second level of subsumption under the concept. This pre-social view of labour implies that the relation between the labouring subject and the object of labour is to be viewed on the level of the appropriation of natural resources. At the same time Hegel developed the classic sense of labour as "poesis" in the sense of real unity and social universality, towards the complex idea of "*Bildung*" and brought out explicitly the value (*Wertung*) of labour in modern society.<sup>275</sup>

On this issue Göhler points out that Riedel's account of labour does not search the structure of the pre-social "*naturwuchsigen Arbeit*" in the *SDS* as essentially bringing forward the first social universality. Instead Riedel highlights the importance of the *NLE* ("*Naturrechtaufsatz*"), where the intention is different. According to Göhler, Riedel and Kimmerle posit the difference that in the *SDS* the social character of the individual remains at the level of natural interrelations. Göhler underlines the universal elements in the *SDS* which appear as the naturalism of the social and thus universal social forms are posited as natural.<sup>276</sup>

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<sup>274</sup> Göhler (1974) p. 485.

<sup>275</sup> *Ibid.*, p. 491.

<sup>276</sup> *Ibid.*, pp. 514-515.

## **2. The "ideal" aspects of the "real" in the political economy of the *SDS*.**

The *SDS* offers a systematic view of the modern abstract divisions of ethical life, as were addressed in the *NLE* under the law of property and abstract labour as opposed to the organic living ideal of a common property and the natural division of labour. The mechanisation and universalisation of modern life is presented through the mechanisation of labour, and thus the abstract logical aspect of modern life is represented as embracing different aspects of social life.

In comparison to the *NLE*, where ethical life is dealt with as the living whole<sup>277</sup> and the people represent that whole as an organic totality, in the *SDS* the idea of the whole of ethical life is presented on the basis of the following moments: identity or indifference, difference, absolute living indifference (*SDS* p. 145). Ethical life is examined through the subsumption of the intuition and the concept and the opposite (*SDS* par. 415). The idea of the absolute ethical order is represented as the unity of the two which, as Hegel says, "must be thought". This idea of Hegel that thought is needed in the analysis of social phenomena meant the philosophical examination of the modern science of politics and of the theory of the state.<sup>278</sup> In the *SDS* what is meant by the necessity of thought was the relation of the concept and intuition as a mediated relation, but as a negative relation.

In the *NLE* Hegel addressed the question of political economy under the heading of the "system of reality" or the "system of needs". In the *SDS* he offers a more detailed account of it by dealing further with politico-economic categories. The "real" relations are examined on the basis of their "real" and "ideal" aspects. The first refers to the actual relations of taking possession, labour, exchange (first *Potenz*), and the second to possession becoming property, abstract labour and contract (second *Potenz*). The "system of needs" is examined as the first system of government (third *Potenz*), which is to be modified later in the *PR* under the title of civil society. The Schellingsque influence applies to the analysis of labour and consciousness on three

<sup>277</sup> Compare with *SDS* p. 171, par. 493.

<sup>278</sup> See Hegel's discussion of Haller's argument in the *PR* (par. 221).

differentiated levels and their differentiation rests precisely on the subsumptions between concept and intuition. On the first level the concept is subsumed under the intuition, on the second the intuition under the concept and the third is the level of the unity of the concept and intuition, the level of indifference.<sup>279</sup>

Hegel articulates practical consciousness by pointing out the role of labour and possession first on the simple level, called in the literature the pre-social level.<sup>280</sup> This level is elaborated further by a concrete analysis of the "real" and "ideal" aspects of the modern form of relations, moving towards a systematisation of the different forms of consciousness. The most important aspect of the discussion of the real relations on the second level is the analysis of the "real" and "ideal" in the way that they are represented in the different levels of Hegel's examination of the ethical life.

On the first level (*Potenz*), labour and possession are discussed in terms of subject-object relations and desire, i.e. labour is the labour of the subject on the object motivated by its desire for the object. Possession is analysed in three moments and refers to the relation of the subject to the object as the first, practical feeling passes into the pure moment of taking possession. The legal aspect is abstracted and the subject-object relation is examined on the level of the subsumption of the concept under intuition. Taking possession is the ideal moment in this subsumption of the product by the subject (SDS par. 420, p. 105).

Labour is itself the subsuming of the object; the subject is indifferent as is the subsumer. Where the subject is the subsumer, the concept is dominant. Labour is the real aspect or movement, and thus the mediating term, and the entity of the subsuming subject into the reality of the object (SDS par. 420 p. 106). This is the second moment in the relation of the subject and object and that of taking possession of the object.

<sup>279</sup> In terms of the content, the first section (part I of the SDS) is about "primitive natural needs ... most elementary forms of labour and economic relations" (p. 11). At this simple level the concept is subsumed under the intuition. Hegel offers a number of further subsumptions in elaborating the examination of labour and possession. In the second section we find the most elementary forms of labour and economic relations, organization of labour and property, family. The third part is mainly concerned with the character, functions, structure, and interaction of three social classes... within an established political community (p. 12). Harris (1979). Rose (1981) p. 61.

<sup>280</sup> See Riedel's account.

The third moment of possession is the synthesis of the earlier two; present in the object as real according to the second moment, in other words as the movement and entity (SDS par. 421). The object subsumes labour under itself and only in relation to that is it real. Labour can have little to do with the life of the living organism (plant) but it only concerns its external form, its inorganic nature, "which itself is only related to something living" (SDS p. 108).<sup>281</sup>

Possession, as articulated by the three moments on the level of the subsumption of intuition under the concept, and property are examined as an established relation between subject and object, but also as the relation to the surplus produced by the mediation of labour. This is rather the shifting point of transition of the surplus produced into a real relation by the legal rights which persists in this relation. At the same time, legal right as the positive element is the ideal tie of possession becoming property. The right of property is a right to right. Private property as right is the abstraction of property, according to which property right is the right to possess property (SDS par. 435, p. 118). Right in the form of consciousness is law.

Exchanges between property owners involve the recognition of one's right to one thing but also it involves the actualisation of one's right to private property. Herein lies one's right to transfer his/her property right to somebody else, by means of exchange and contract on the basis of empirically calculated prices. The real aspect of this relation involves an ideal element in its negative form, i.e. through the exclusive relations of private property. The right of property involves the right to use one's property and to exchange it for something else. This right is posited by law and misrepresents the double aspect that the right involves. That is the *difference*, the "ideality" of bourgeois relations of exchange as they become fixed through the legal relations of private property, exchange and contract.

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<sup>281</sup> Hegel borrows the terminology of natural philosophy to describe the different forms of labour. Mechanical labour is examined in relation to a living plant. It is only *related* to something living and lets it alone. It does not destroy it chemically. Second, he examines labour and animals (SDS par. 423). Third, the absolute identity of these two levels is that the concept of the first is one with the identity of the second or is the absolute concept, it is intelligence (SDS par. 424). The first two levels are relative identities. Absolute identity is something subjective, outside them.



The examination of the subject-object relation does have a naturalistic beginning in the sense that it assumes the immediacy of desire as the first level of abstraction, and then it builds on the mediating role of labour and the legal categories and structures of consciousness. Thus the examination of the last two levels is negative in its structure, which is contrasted to the positive idea of the ethical life as a whole. It is negative in the sense that it "is" positive only by assuming a double aspect. The positive ethical moment instead is the reflective moment of the double sided aspect which posits what it is not as what it is. This idea is what I call the "surplus" of the negative analysis of the real relations.

Labour and the discussion of the division of labour addresses the social element in the real and ideal aspects of the negativity of property exchange and contract, for it acknowledges the very process of its production but on the level of the relations of production. In socio-theoretical terms this meant the "socialisation" of the individualism of private property relations through the acknowledgement of the character of the relations of production as commonly produced relations. This mediating level of analysis results into the analysis of ethical life on the level of the constitution as ethically organised on the basis of the social estates.

### 3. Tool and mechanical labour.

The analysis of labour in the *SDS* is substantiated through the analysis of the three levels (*Potenzen*) and I shall examine it separately due to its particular mediating role. The universality of labour is expressed in the medium of the tool. The tool is the rational "ideal" middle, the product of labour as something which it is possible to use universally (*SDS* p. 113). The tool is the middle term, for it represents the actualisation of the rationality of labour, and its product ceases to be directed at something singular but acquires a rational universal form. In the tool the subjectivity of labour is raised to something universal since its use is not merely consumption. Its universality lies in that anyone can make a similar tool and work with it. To this extent the tool is the persistent norm of labour.

"On account of this rationality, the tool stands as the middle term, higher than labour, higher than the object ... and higher than enjoyment or the end aimed at. This is why all peoples living on the natural level have honoured the tool ... (*SDS* par. 428). The tool is under the determination of the concept and therefore belongs to differentiated or mechanical labour..." (*SDS* par. 429 p. 113).

The mechanisation of labour takes place when the single living labour becomes mechanical, i.e. variety is excluded from it and so it becomes itself something more universal, more foreign to the living whole. This universalisation and externalisation of labour turns into a "deadening characteristic", i.e. mechanical, which at the same time indicates labour's universal but also mechanical element. This description of mechanical labour refers to the division of labour and the labour used in manufacture.

For Hegel the interest in this process of mechanisation of labour lies in its particular universal and thus social characteristics. In other words, the characteristic of this

labour is not only that it produces machinery, but also that it acquires a particular social form of organisation and division of labour. It presupposes at the same time that peoples' needs are provided by the labour of others, since the mechanisation of labour implied that somebody's work being specialised in one thing can not satisfy the multiplicity of individuals' needs (SDS p. 117).

Mechanical labour is only quantitative without variety and, since its subsumption in intelligence is self-cancelling, is something absolutely external (SDS par. 433-4, p. 117). Its contradiction is implied on the level of reaching intelligence, i.e. as reaching a level of actualisation in being universal activity. At the same time it is self-cancelling by developing a particular mechanical and deadening characteristic which is actualised on a universal level.<sup>282</sup> Mechanical labour also implies a particular form of labour as lacking subjectivity and therefore becomes universal. This is what makes the analysis of labour in SDS important. The dialectic of this relation is worked out further in the *PS* as the relation between will and intelligence as a form of actualisation of individuality on a universal level.<sup>283</sup>

The ambiguous aesthetics of mechanical labour is discussed as follows:

"labor is without an aim, without need, and without a bearing on practical feeling, without subjectivity; neither having done one's duty, in the latter an inner one, the consciousness it has a bearing on possession and acquisition, but with itself its aim and its product cease too (SDS par. 467, p. 149).

<sup>282</sup> See *Realphilosophie II* on intelligence in the section that deals with actual spirit.

<sup>283</sup> "It is the same with labour as it was with the ethical aspect of the virtues ... Just as the virtues are without outer and inner hypocrisy (SDS par. 467, p. 148). ...

This mechanisation of labour leads to the increase of productivity and the production of a surplus produced on the basis of common socially joined labour. The tool, and later the machine, appeared as representing the alienating form of objectified labour into something universal and acquires its own rationality. Nevertheless, Hegel addresses these developments by using the term externalisation as reaching the level of contradictory intelligence, i.e. actualisation and alienation at the same time. The dynamic of the modern forms of manufacturing labour and the division of labour and its social implications are represented on a general universal level as the actuality of will in a universally produced product.

#### 4. Classes (*Stände*) in the *SDS*.

The analysis of social classes is more elaborate in the *SDS*, with regard to their particular modern nature which distinguishes it from his account in the *NLE*, very much influenced by antiquity.<sup>284</sup> The social classes as a form of ethical organisation are contrasted with the perception of society as a relation among single individuals as presented in modern natural law theory. The individual, by belonging to a class, acquires universality and thus becomes a person. The slave does not belong to a class because he is not a person and thus universal. What is characteristic about the slave is the relation of dependence to his master (*SDS* p. 152). In that sense the modern role of social classes is neither the same as the classic nor as the feudal one.

The subdivision of classes implicitly offers an analysis of three forms of social labour presupposed for this distinction. Their interrelational character is the basis of the actualisation of spirit. Thus classes are divided as follows: first, the absolute class, i.e. the military nobility. Its labour is training for war and is not directly related to the satisfaction of its needs, though its needs cannot be satisfied without some form of

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<sup>284</sup> Göhler, Riedel, Ilting debate.

labour. Consequently this labour has to be done by other classes and things must be transmitted to it which have been prepared and manufactured for it. All that is left to it is direct consumption in enjoying the product produced by others' labour. The essence of the relation to the other classes is mutual utility. On that basis they provide it with its necessities and it makes the goods and gains of the others its own, it must in turn, be useful to the others. The utilities offered by the first class, such as looking after public affairs, are that it substantiates the absolute and real ethical shape. The labour that it offers to other classes is security of their property and possessions but it excludes the other classes from courage and government (SDS p. 153). To put this in a "positive" form the other classes can pursue their private interests, without being concerned with public duties but also universal interest can be pursued without interference by particular interests.

The second class is that of honesty, the bourgeoisie. It relies on work for satisfying particular needs, possessions, gains and property. This class acquires reality only in the people and its content "is settled by the contingency of real things, and by caprice involved in them" (SDS p. 154). The labour of this class is universal since it involves commercial and exchange activities. For the sake of the satisfaction of physical needs a system of universal dependence is set up. The universal and legal element becomes the "real" natural control of things, against the particularity which is perceived in a negative relation to universal legal structures.

The value and price of labour and its product is determined by the universal "system of all needs", and the capricious element in value, grounded in the particular needs of others and on whether the surplus produced is necessary for them (SDS p. 154). The universality of labour acquires a comparative aspect and each part of labour is convertible due to money. The commercial class adjusts the particular needs to particular produced surplus. Nevertheless, the commercial class activates universal exchanges on the basis of profit making. When the transfer of property takes place,

an "ideal" element which is fixed in positive law<sup>285</sup> is presupposed. The transfer of property through exchange involves contract and established property relations. The produced surplus commonly produced by individuals changes owners on the basis of individuals' wills guaranteed by contracts. What matters on that level is not the possession of the thing or the appearance of exchange but whether the thing is somebody's property or not. On that level just exchanges and contracts are constituted in relation to the property of things as a relation between persons' wills. In relation to the other classes this class contributes by its productive activity to the needs of the first class and of the needy (SDS p. 155).

The third class is that "of crude ethical life", i.e., the peasantry. This class falls also into the system of universal interdependence since it also has physical needs. Its work is neither intellectual nor is it directly concerned with the preparation of something to meet a need. It is something living and more of a means to master the organic "potency of the living thing and so determine it, and through the thing produces itself by itself".<sup>286</sup> With regard to its relation to other classes the third class is related by trust to the absolute class which represents it politically, it is useful to the whole by being capable of courage and labour (SDS p. 156).

The "real" "ideal" aspects of the second class and the relations of interdependence between classes on the basis of mutual utility becomes central. The second aspect that is brought out in this account of classes is that slaves are not members of a class since they are not persons. The analysis of the second class is informed by the elaboration of what Hegel calls "ideal" and "real" relations in the context of exchange. The role of the second class is shown to be particularly important for its commercial

<sup>285</sup> More on the reality-universality of the relation of possession becoming property, exchange and contract see *Ibid.*, pp. 116-124. Compare with the second part of the analysis of spirit in the PS II p. 119. Herein is offered the most elaborate analysis of the transformation of possession into the universal right of property, and of labour into universal labour and the critique of its negative form in the early writings (PS II pp. 111-2-3).

<sup>286</sup> That form of labour for the physiocrats was the productive, for it produces value by labour on the land.

activities. The third class, which was in the *NLE* related to work based on needs, is dealt with in the same way in the *SDS*. In addition, Hegel's analysis of abstract labour as the labour of the second class offers an implicit account of the new forms of labour related to the introduction of machinery and manufacture. Although Hegel does acknowledge that modern developments affect class organisation by the creation of new forms of poverty, he does not offer an account of the new classes related to the particular modern developments of productive activities until the *Realphilosophie* and the *PR*.

### **5. The "system of needs" and the "surplus of the whole".**

In the *SDS* the "system of needs" is discussed as the first system of government. The section devoted to government was not finished by Hegel, and the headings were added later by Lasson. According to the intuition-concept subsumptions, government is the third level at which the concept and intuition are united in the relation of indifference. The "system of needs" is the system of universal and physical interdependence among people (*SDS* p. 167). The totality of individual's needs are independent of the individual and appear as an alien power outside the individual's control. At the same time, on the basis of the new forms of labour, the surplus produced increases, as does its value.<sup>287</sup> The determination of this value is something independent of the particular producers. The system of needs is conceived formally above as a system of universal physical dependence on one another. One's labour, or whatever capacity it has for satisfying one's needs, does not secure one's satisfaction. Whatever the surplus that somebody possesses depends on an alien power over which he has no control (*SDS* par. 488, p. 167).

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<sup>287</sup> A different view is offered in the *Realphilosophie* B, C.

Contrasting the relations of interdependence in this way, Hegel raises the question of the evaluation of the surplus produced socially, i.e. on the basis of the relations of interdependence. If individuals lose control of the whole process by being part of it through their particular task, but also being dependent on it for the satisfaction of their needs, then who is to regulate the alien power produced by individuals' activity and mechanical labour? The value of that surplus, i.e., what expresses the bearing of the surplus on his need, is independent from the particular producer, although he participates in its production and is dependent on it.

"This value itself depends on the whole of the needs and the whole of the surplus, and this whole is a scarcely knowable, invisible, and incalculable power, because this power is with respect to its quantity, a sum of infinitely many single contributions and, with respect to quality, it is compounded out of infinitely many qualities"(SDS par. 488 pp. 167-168).<sup>288</sup>

However, the whole does not lie beyond the possibility of cognition. In exchange its the value, the universal, must be reckoned up quite atomistically and thus quantitatively. In that sense is the presupposition for exchanges between merchants, where some form of value is presupposed and used or else exchange is not possible.

In the "system of needs" these rules appear to be unconscious and blind. The entirety of needs and the modes of their satisfaction are to be known cognitively, but they also have an individualistic basis. Here lies the difference of the universal which must be able "to master this unconscious and blind fate" and thus this universal becomes the government (SDS p. 168). This form of universality is necessary to balance the universalisation arising from the mechanisation of labour and "the system of needs", which tend to inequality, and the destruction of public and private life (SDS p. 171). As Smith did in his Lectures, Hegel points to the need for the regulating role of the

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<sup>288</sup> Harris points out the echo of Smith in this analysis, i.e. the echo of the invisible hand.



government and police in the market by intervening in the determination of values as specific prices and second, to avoid the destructive consequences for the people who become completely dependent on the new system of economy and its blind laws (SDS p. 169).

Taxation is introduced on the basis of the principle of justice as an external remedy to the inequality produced by the accumulation of wealth and poverty at the same time (SDS p. 172). In the *SDS* the universal role of the government is that it regulates and provides some balance to the excess of property and wealth. Yet this universal mediating role of the government is not clearly distinguished as a different form of universality from the universality of labour or the universality of property owners.

The influence on Hegel by political economy is formative and reflects in the way he deals with the "system of needs" which results in the production of a surplus product. The analysis of labour in its modern form as mechanised labour is examined in its doubled rationality; first, as positing a new form of rationality in the production of tools for universal use, increase of wealth and relation of interdependence and second, the very nature of mechanical reproduction itself results in the need for regulation. The articulation of this relation is very much similar to that of political economy.

In part B I shall examine the further elaboration of this argument in the *FPS*, where this mechanical aspect released by the modern organisation of labour and the system of needs involves also the question of consciousness.

## B

**1. The "surplus of the whole" and spirit**

In the second part of the *SDS* I examined Hegel's analysis of labour and of the "system of needs" which results in the surplus produced by the mechanised and universal form of labour. In the *SDS* the discussion is rather negative. This first approach is further elaborated in the Jena writing (1803-4), where Hegel develops his speculative philosophy. In the *FPS* (1803-4) I shall focus on Hegel's account of what he calls the "real existence of the people", labour as living and mechanical, possession becoming property, consciousness in its objective social forms and as actualised through the work of the whole.

The above issues are examined on the basis of the double form of consciousness: first, as formal and second, as practical consciousness. The former refers to memory, speech and language.<sup>289</sup> The idea of speech as the ideal speech situation is considered not as productive activity, in the sense of the activity of labour that produces a useful product, but only as externalisation of what is already produced. Speech is considered as formal activity for it represents a universal form of consciousness (*FPS* pp. 244-5). The first half of the essay examines formal consciousness and the second half practical consciousness, i.e. "real existence", "the negative", the people. Hegel articulates these phenomenal oppositions: formal/practical, simple/complex, singular/universal on the basis of the idea of the public spirit being split into the levels of consciousness as formal activity, universal consciousness, practical consciousness, and work as the real existence of the people (*FPS* p. 230).

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<sup>289</sup> To a certain extent Harris is right to point out that the analysis of consciousness is rather set in "contractarian terms", although Hegel's intention was to criticise it (Harris (1979) p. 199).

In comparison to the *NLE* in the *FPS* Hegel focuses on the idea of the people not as the *Volk* but on the basis of economic relations. Public spirit is an expression of the spirit of the people in the form of consciousness, memory and language and is "produced" socially and actualised through labour organised on a common basis.

"... the spirit of the people must eternally come to be the WORK (*Werk*), that is to say, it only is as an eternal coming-to-be spirit. It is achieved as *work when activity is posited in it, which is forthwith against it*, and the activity against it is directly cancelling of itself. This becoming other than itself consists in its connecting *itself as passive with itself as active*; as active people it is generally conscious of itself, and passes over into the product or to the self-identical; and since this *common work of all is their work as conscious being in principle, they come to be themselves outside of themselves in it, but this outward [being] is their deed..*" (FPS pp. 242-3 emphasis added).

"The ethical work of the people is the being-alive of the universal spirit; as spirit in its ideal union, *as work it is their middle*, the cycle of [men] cutting themselves off from work as a dead [thing], and positing themselves as singular agents, but positing it as universal work, and so immediately just cancelling themselves in it again, and being themselves only a superseded activity, a cancelled singularity" (FPS p. 243 emphasis added).

Work is not taken merely in its concrete form, but as universal and common activity as the mediating term in transforming and actualising spirit, but also as the polarisation between singularity and universality. This work is the common activity transformative of the whole as "the work of all" as a "conscious being". Thus singularity exists through the common universal work (*Werk*), cancelling itself as singularity and at the same time what has been cancelled as singularity becomes universal singular existence.

## 2. "Real" existence and "mechanical" mediations of abstract labour.

Singularity is defined as the "*singular being as such*" (FPS p. 246). The labour of the singular individual is concerned with the need of the single individual. Although the singular individual is motivated by its need, its action is universal and produces more than satisfaction of individual's needs. How does this paradox come about? For Hegel of the *FPS* labour *as such* is a form of recognition, and it assumes a form of universality.

Labour as purposeful activity is a learned skill, it is not an instinct, in that sense it is not merely a subjective activity and demands recognising.<sup>290</sup> It is a form of rationality that makes itself universal in the surplus produced by the labour of the people. Labouring becomes something other than the subjective activity of the single agent: it is a universal routine and it becomes the skill of the single artisan through this process of learning; and through its process of othering itself it returns to itself as a new unity (FPS p. 246).

The development of skill leads to the discovery of tools and the innovation of machines, as the result of mediation between universal and practical consciousness, practical labour and the use of tools. In turn the tool is the material and formal nullification of living labour.

"The tool is the existing rational middle, the existing universality, of the practical process; it appears on the side of the active against the passive; it is itself passive on the side of the laborer, and active against what is worked on. ... whereas both the subject and the object of desire subsist only as individuals, and pass away" (FPS par. 300, p. 230).

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<sup>290</sup> Labour as an educative and formative process is dealt with in the *PR* par. 196-198 under the title "*Die Art der Arbeit*".

The use of the tool, as well as labour applied in machines, shows how singularity and the living aspect of labour evaporates. This form of labour diminishes the labour required for the whole, but not for the particular labourer. Instead, the mechanisation of labour and the machine man only postpones the necessity of individuals labouring "and makes it more distant" from its living nature.

"His living labour is not directed on nature as alive, but this negative vitality evaporates from it, and the labouring that remains to man becomes itself *more machine like*; man diminishes labour only for the whole, not for the single [labourer]; for him it is increased rather; for the more machinelike labour becomes, the less it is worth, and the more one must work in that mode" (FPS p. 247).

The increase of the product for the whole, instead of being possessed commonly is owned as private property and exchanged.<sup>291</sup> Hegel draws a distinction between worth and value of the socially produced product. The question of determining value universally is a more complex question and it is not resolved by Hegel, either in the *SDS* or in the *FPS*.<sup>292</sup> Hegel analyses the blind process released by industrial production and the generalisation of exchanges between individuals.

"Need and labour, elevated into this universality, then form on their own account a monstrous system of community and mutual interdependence in a great people; a life of the dead body, that moves itself within itself, one which ebbs and flows in its motion blindly, like the elements, and which requires continual strict dominance and taming like a wild beast" (FPS p. 249).

This analysis of the forms of social interdependence developed by labour becoming abstract and universal labour are criticised in a clearly negative mood. Negative in the sense that the monstrous system of community is opposed to any conception of individuality. The division of labour as the principle of modern manufacturing

<sup>291</sup> Hegel in the articulation of the contradiction of private property had in mind the commonly owned product on the level of the family or in the community dealt with by Plato.

<sup>292</sup> Compare with the *SDS*, where the invisible and unconscious aspect of the surplus of the whole must be mastered by the universal, which thus becomes government (pp. 167-8). In other words, it is not the blind process of the market that regulates values.

production was a form of universalisation of singularity and universalised exchange as the means of satisfaction of individuals' needs (FPS p. 247). The labour of the singular labourer is at the same time universal and the "ideal" factor of public life,

"he satisfies his needs by it certainly, but not with the determinate thing that he worked on; in order *that that may satisfy his needs*, it must rather become something other than it is; man no longer works up what he uses himself, or he uses no longer what he has worked up himself, that becomes only the possibility of his satisfaction instead of the actual satisfaction of his needs; his labor becomes a *formally abstract universal*, a singular [factor]; he limits himself to labor for one of his needs, and exchanges it for whatever is necessary for his other needs" (FPS p. 247).

Hegel explicitly refers to Smith's example of pin manufacture to indicate the particularity of the division of labour in manufacturing production. The simplification of labour and need and its formal universal simplicity increases individuals' dependence on it (FPS p. 248). This form of interdependence appears as an abstract principle of the division of labour and results in the singularity of the commonly produced thing representing all needs, i.e. money.

"*This manifold* laboring at needs as things must likewise realize their concept, their abstraction; their universal concept must become a thing like them, but one which, qua universal, represents all needs; *money* is this materially existing concept, the form of unity, or of the possibility of all things needed" (FPS p. 249).

This early draft does not go further with the critique of money. But it underlines the particular character of the modern form of interdependence as the abstract socially produced community. This meant the birth of the social which is at first sight viewed as the impersonal product of mechanical labour, and thus the living element exists through its mechanical reproduction. Society is the product of the generalised division of labour and the introduction of the machine into production. The process of labour mediates the most basic satisfaction of individual needs, and at the same time appears as an external and impersonal "ideal" which is at the same time real. The

identity of ideality and reality in the analysis of abstract mechanised labour is in this text given in its most vivid form. The analysis of Smith's political economy and the division of labour is viewed under a very much sociological light. This emphasis on the social and communal foundation of modern society is contrasted to the negative relations of private property and universality of contract.

### **3. Possession becoming private property.**

Labour and the modern division of labour had an important role to play as a form of interdependence but also as presupposition for the production of common goods. The latter for political economy is the increase of wealth on the level of the nation. Political economy assumed private property relations and thus division of labour and exchange was developed on the basis of the limited access to resources. For Hegel this form of looking at social relations is contradictory. That is the subject of the analysis of possession becoming private property. The analyses of the process of possession becoming private property of the singular individual is viewed on the basis of the relations of recognition.

"Like labor, possession becomes within the whole of a people a universal factor in its privacy; it remains the possession of this private [person], but only in so far as it is posited as his by the universal consciousness, or in so far as in the universal consciousness everyone else likewise possesses what is his; that is to say, possession becomes *property*" (FPS p. 249).

The instantiation of the right of property takes place as the moment of exclusion of others from one's own possession. The particularity of this exclusion is that it is introduced on a communal basis as "a communal exclusion", and the private possession of the right to property by one person is the private possession of all other persons.

Thus the contradiction of private property of the communally produced product is to be explained in two steps: first, as presupposing that all have the same rights to the commonly produced product, the right to the right of private property is universal. In that sense, property right is implicitly contrary to itself, by presupposing a communal possession to guarantee the right of private property. In the same way the security of one's property is the security of everybody's. In one's own property all hold their property, in that sense the individual's situation is valid because all enjoy the same right. In this way a universal right is posited and thus possession becomes private property.

The "loose moment" between one's right as implying also the other's right, since these rights are not identical to one's right, is articulated as being the subject of reflection and formal consciousness. This is a loose connection, although it is a formal presentation of the universalisation of property relations. The contradiction of private property is to be found on two levels: first, in that the commonly produced product is appropriated by individual property owners and second the very idea of private property is based on relations of recognition and thus its very idea is a "common product". Then the common produced consciousness is to be reflected practically and historically as the "commonly" produced product under manufacturing labour. On that level, the contradiction of private property, although posited on a universal level of consciousness and equality, presupposes social inequalities which are excluded from a formal reflective foundation of private property on the basis of the commonly produced product.



## C

1. The Philosophy of Spirit<sup>293</sup>

The *PS* is a critical text for it introduces the distinction between concrete and abstract labour, the distinction of being (*Sein*) and external existence (*Dasein*) as a form of externalisation (*Entäusserung*), alienation and objectification. In addition, it offers a more elaborate account of the social classes in comparison to the *NLE* and the *SDS*.<sup>294</sup> In the *PS* there is a shift from questions related to the different forms of ethical life, as they were posited in the *SDS*, towards the discussion on the basis of the *PS* and relations of recognition as social and negative relations<sup>295</sup> but also positively viewed on the level of the constitution. Thus spirit is actual in its concept as being neither negative nor positive:

"Spirit is actual neither as intelligence nor as will, but as will which *is* intelligence. ... As thus transcended, the will must produce itself in the element of universal recognition, in this spiritual actuality. Possession thereby transforms itself into [property] right, just as [individual] labor was transformed, previously,<sup>296</sup> into universal labor" (*PS* p. 119).

The *PS* is divided into three parts: spirit according to its concept, actual spirit, and the constitution. The first part offers a discussion of intelligence and will and an analysis

<sup>293</sup> The *PS* (1805-6) was published a year before the *Phenomenology of Spirit*, which Hegel kept revising till 1831. The *PS* is considered important for the "split" into the later major works such as the *Phenomenology* but also of the *PR*. Göhler deals with this work as the most phenomenological, in contrast to Rose who finds Hegel's first phenomenology in the *SDS*.

<sup>294</sup> Social classes are subdivided into lower and universal classes according to the subdivisions of actual or objective spirit and thus analyses the political (positive) and economic (negative) aspects of social relations.

<sup>295</sup> Göhler (1974) points out the natural pre-social view in the *SDS* and phenomenological distinctions in the *PS* pp. 602.

<sup>296</sup> *PS* pp., 111-3.

of its different moments.<sup>297</sup> In this text the analysis of labour is crucial for the determination of will as being more than: first, the immediate abstract "arbitrary" will, second, on the level of language third, as will in itself the indeterminate first moment of the will.<sup>298</sup> The labour of the subject is the mediating actual moment of the will which thus becomes universal abstract labour (PS pp. 111-3).<sup>299</sup>

The second part of the *PS* examines actual spirit, in the way it is actualised in relations of recognition and the process by which possession becomes property. Consciousness as immediate consciousness transforms itself into a thing. Labour is considered as the formative process. In contrast to the *FPS*, this process is dealt with in *PS* as a process of objectification or of consciousness transformed into a thing. Contract is a form of acquiring property, and thus a form of universalisation and alienation, as is value and money. The non binding aspects of contract or its failures result in crime and punishment, i.e. as the violation of contracts. The third part deals with the constitution, and under that heading Hegel examines the alienation (*Entäusserung*) of will as externalisation. In the examination of the constitution is also offered an account of the lower and universal social classes.

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<sup>297</sup> On the moments of the will see Liebruchs (1975) pp. 28-32. For Göhler will and its internal characteristic in the *Realphilosophie* is read as the key for universality (*Allgemeinheit*), particularity (*Besonderheit*), individuality (*Einzelheit*). For an analysis of the different moments of the will in the *PR* see par. 5-7 and the chapter on civil society below.

<sup>298</sup> Compare with the question of the will and abstract right in the *PR*.

<sup>299</sup> Riedel (1984) pp. 19-23.

## 2. Will and right in the "state of nature".

In his account of intelligence and will Hegel contrasts two models of taking possession; first, taking possession by naming or by willing something. This form of will in-itself is only formal and "arbitrary" (PS p. 95). Language as the name-giving power is a first form of taking possession. This form of taking possession is based on the power of the imagination which provides an empty form. Logos and reason are the essence of things rather than merely imagination. The second moment of the immediate abstract will is that of the I as the working subject which determines the object by willing it. Labour is the transforming activity (*aufgehobene Arbeit*) of the I. It represents the formation of the thing (*sich zum Dinge machen*). The division of the I beset by drives is this very same self-objectification (*sich zum Gegenstande machen*).<sup>300</sup> Desire must always begin anew, never succeeding in ridding itself of its labour. The drive, however is the unity of the I as objectified (*als zum Dinge gemachte*) (PS p. 103).

Labour itself as such is not only activity, but it is the activity of the willing subject. It is reflected in itself, and brings forth a new one-sided form of the content as particular element. But here the drive brings itself forth through labour, and thus falls into external existence (PS p. 103).

The general common character of labour is that the individual's desire is satisfied in shared labour organised on the basis of the division of labour. Modern labour does not occur to satisfy merely the desires of the individual, but as a general means for satisfying people's needs. The individual who works on a given object does not necessarily consume it. That means that the surplus produced by the individual's work becomes part of a "common store" and all are supported by it. This surplus, as it applies in the case of the tool, constitutes the general possibility of enjoyment and also

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<sup>300</sup> See Ibid., below.

the general actuality of it (PS p. 108). It is an immediate spiritual or material possession (PS p. 109). This general and common character of labour is most vividly shown in the example of family property. Through the latter form of common property Hegel distinguishes between *higher activity* for a common end and merely *instrumental activity*.<sup>301</sup> In addition, this form of labour is a conscious movement in the sense that it embraces a social process of formation and education (PS p. 109).<sup>302</sup>

In contrast, in property relations the individual's labour acquires a negative and exclusive significance. Another party is thereby excluded from something which *he is*. Thus the existence is no longer "general", i.e. things are now defined as "belonging" to individuals. This examination of individuality and immediate universality as will and intelligence is paralleled to what is referred to as *the state of nature*, the free, indifferent being of individuals towards one another.<sup>303</sup>

The concept of natural right applies to the following questions; first as to what rights and obligations the individuals have towards one another, and second, which is the element of necessity in their behaviour as independent self-consciousness. Their only interrelation, however, lies in overcoming [*aufzuheben*] their present interrelation, i.e., to leave the state of nature. In this interrelation they have no positive rights, no obligations towards one another, but acquire them only in leaving the state of nature.

The problem is how it is possible to think about right and obligation for the individual in the state of nature, which will lead to something different. The concept of the individual in the state of nature is taken as the basis and out of this concept its full notion is to be developed. The subject as the bearer of rights, natural right in the first

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<sup>301</sup> This distinction is important for the critique of mechanical labour and universal aspects of labour aiming at the general good as realised through the labour of different social classes.

<sup>302</sup> This aspect is to be found in the role of corporations, which is more explicitly explained in the *PR* (chapter eight).

<sup>303</sup> In comparison to Hegel's account of the state of nature in the *NLE*, Hegel modifies his idea which led to an analysis of relations of recognition of what he calls the actual spirit.

place and then as the rights of the person (PS p. 111). Right implies the relation of other right holders, in their conduct, to one another. It is the universal element of their free being - the determination, the limitation of their empty freedom. This freedom becomes substantial through relations of recognition. The object, in general, is itself this creation of right, i.e. a relation of *recognition*. In the relation of recognition the self ceases to be an individual; it exists by right in recognition, i.e., no longer immersed in its immediate existence. In the particular case the recognised right is the particular and historical right to private property as the end of slavery in the state of nature.

If I now compare this analytical exposition in comparison to liberal accounts of natural right, property right and the simple theory of the labour theory of property, Hegel offers a critique of the liberal argument.<sup>304</sup> For Locke the right to one's body and what its activity produces is taken as given and natural.<sup>305</sup> Hegel's analysis of the naturalistic elements of Locke's theory is as follows. By taking something as owned as "mine" one appropriates more than his actual activity since this activity is applied to something and then it excludes others from it. Let us say, putting a sign on a piece of land indicates that one wishes to take possession of that piece of land. More complex is the situation when one puts his /her labour, let us say, into making a metal cup. The new form given to the cup by my labour cannot be separated from the cup. In that case, although my labour is changing the form of the cup it is not clear that I own that cup. The same can be said for the ownership and cultivation of land. These examples indicate the difficulty to endorse the "externalities" that one's activity produces applied to something external to one's body (PS p. 113).

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<sup>304</sup> Cullen (1979) mentions that the "first reference to economic activity is due to Hegel's reading of Locke while he was at Tübingen. The Lockean concept of property as the embodiment of the personality of the labourer was to reappear -practically unmodified- in vitally important sections of the *PR* (par. 51)".

<sup>305</sup> Rauch introduction *Ibid.*, Stillman (1976) p. 105.

For Hegel the liberal labour theory of property is not altogether rejected. He does reject its individualistic basis, which overlooks the importance of the relations of recognition in the "state of nature" as a relation of interdependence among property holders and the particular social form of property and labour (PS p. 116). The relations of recognition as the struggles between individuals are for Hegel a life and death struggle. The labour process is the form of recognition for the labourer and a relation of transformation (PS p. 118). It leads to an account of concrete labour becoming abstract, but also of the relation between persons, as Hegel argues in the *Phenomenology*.<sup>306</sup>

The phenomenology of the life and death struggle, Hegel's version of the "state of nature", results in the universality of the will through the will of the person. Labour is the key to the relations of recognition; the will of the individual is the universal will - and the universal is the individual as the will becoming intelligence. Labour is not taken naturally as the appropriation of nature but as the foundation of right to a right, i.e. as individual right (PS p. 118). The process of transformation from labour as concrete labour to universal abstract labour for Hegel is parallel to the transformation of possession into property rights.

The labour theory of value, viewed on the basis of the relations of recognition, is also endorsed in the critique of abstract right in the *PR* which I shall examine in detail in chapter eight.

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<sup>306</sup> In the *Phenomenology of Spirit* Hegel says: "through work, however, the bondsman becomes conscious of what he truly is" (p. 118) and then "The individual who has risked his life may well be recognised as a person, but he has not attained the truth of his recognition as an independent self-consciousness" (p. 114). Labour and the struggle for recognition is what differentiates pure cognition, to be found in Kant, and recognition developed by Hegel. Kant's critique of the "state of nature" as the war of all against all in his *Anti-Hobbes* does not employ the phenomenological analysis of the different forms of recognition and consciousness, as Hegel did in the *Phenomenology of Spirit* and first dealt with in his early writings. For Kant the argument is constructed on the level of the universality of reason characteristic of every rational being. Thus the universal right of the person is perceived on the level of the reason. The same goes for contract theories.

### 3. Need, labour and abstract labour.

By the examination of the actual spirit Hegel examines the different forms of recognition, i.e., the examination of the spirit according to its concept as the immediacy of the subject-object relation. The two subjects know themselves as being-for-themselves and they are separated in this way by what they have in common. The struggle for recognition is not yet a relation of recognition (PS p. 117-8). The articulation of the latter has as follows: it presupposes the knowing will being recognised; juxtaposed to itself in the form of universality. Immediate recognition (*Anerkanntsein*) being recognised is immediate actuality. This moment of recognition refers to need as the motivation of activity, which is not yet mechanical activity, but a labour process, as the conscious transformative activity of labour.

Need in the PS, although not addressed as part of the "system of needs", is viewed as the multitude of needs corresponding to the complex forms of production of things serving to satisfy these needs.<sup>307</sup>

"The needs are many. The incorporation of their multiplicity in the I, i.e., labour, is an abstraction of universal models (*Bilder*), yet [it is] a self-propelling process of formation (*Bilden*). The I, which is for -itself, is abstract I; but it does labor, hence its labor is abstract as well. The need in general is analyzed into its many aspects - what is abstract in its movement is the being-for-itself, activity, and labor" (PS pp. 120-1).

Labour is performed to satisfy abstract needs and thus both needs and labour become abstract. Their universal inner possibility is posited as outer possibility as form. This process of making things involves the consciousness that makes itself into a thing. This objectification of consciousness is vividly represented in production for exchange and the satisfaction of universal needs, but also tools, and machines. Producing as

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<sup>307</sup> See NLE, SDS and PR.

purposeful activity to meet universal needs is examined as a critical process with regard to the concept of labour becoming abstract mechanical industrial labour

The concrete aspect of this abstraction with regard to the abstract aspects of individuals' concrete labour for the satisfaction of their needs is expressed as follows:

"Each individual, because he is an individual here, thus labors for *a* need. [Yet] the content of his labor goes beyond his need; he labors for the needs of many, and so does everyone. Each satisfies the needs of many, and the satisfaction of one's own many particular needs is the labor of many others. Since his labor is abstract, in this way, he behaves as an abstract I - according to the mode of thinghood - not as an all-encompassing Spirit, rich in content, ruling a broad range and being master of it; but rather, having no concrete labor, his power consists in analyzing, in abstracting, dissecting the concrete world into its many abstract aspects" (PS p. 121).

Hegel is not only introducing the distinction between concrete and abstract labour, but also refers to the most abstract forms of labour as intellectual labour and different forms of knowledge. Abstract labour and division of labour seem to be unlimited. The way that this separation seems to cover all aspects of social life and forms of labour resolves into a number of drawbacks as Hegel pointed out in his critique of the new forms of abstract labour. Hegel's early critique of labour and its impact on the individual labourer follows along the same lines as Ferguson and Smith. Labour as abstract and mechanical labour becomes duller, and spiritless. The spiritual element, as the fulfilled self-conscious life, as will becoming intelligence and thus universal, becomes an empty doing and a distorted formal universality. The power of the self as a rich all- embracing comprehension is lost. Labour lacking individuality becomes mechanical, and the labourer's activity thereby becomes more formalised, consummated, and one-sided (PS pp. 139, 121). The dialectic of labour as a spiritless activity, but also formalised and one-sided, results in multiplicity, fashion, mutability, freedom in the use of forms. Hegel's view of fashion is positive, in contrast to Smith's ideas, in that it shows that it is not permanent and thus change is far more rational



than staying with one fashion and wanting to assert something as fixed (PS p. 139). The dialectic of modern labour, although spiritless, formalised and one-sided, also has some liberating effects on the use of forms, as that is expressed in the multiplicity and fashion resulting from it.

In the PS the subject-object approach becomes complex, viewed on the basis of the modern form of the dialectics of labour. In this early critique, the influence of the politico-economic analysis of labour, abstract labour and need is insightful for Hegel. The liberating element of labour is not to be found merely in the product on the basis of the motive of desire, as in the subject-object relation in the SDS and the FPS or in the legal categories of the person as the result of the struggle for recognition, but in a liberating and conflicting social process produced on the basis of the abstract labour.

#### **4. Needs and exchange.**

Exchange relations presuppose abstract labour that produces goods to satisfy universal needs as homogeneous needs and not merely the individual's need. These goods are exchanged on the basis of their comparable values. For exchange the needs are the same. Value itself, as a thing, is money. This same universality is a mediation of exchanges as a conscious movement. Property is thus an immediate abstraction mediated through relations of recognition on the basis of property and thus becomes an external existence (*Dasein*). Property is presupposed for exchanges of things according to the subject's will. For abstract property relations the origin of property is labour as the activity of the individual's will (PS p. 123).

In the *SDS* the analysis of exchange relations involves the analysis of the "real" and "ideal" aspects of exchange. In the *PS* these relations are examined under the light of the relations of recognition. Thus possession acquires its concrete aspect in

*exchange*, i.e. in the movement of universal value in exchanges. Work and exchange are forms of recognition of will becoming existence (*Dasein*) through one's work and exchange. Labour and recognition are also forms of externalisation, or what Hegel calls *Entäusserung* (alienation). With regard to labour as the individual's activity, it is the source and the origin of property as my activity itself (PS p. 123). In labouring the subject makes itself into a thing, a form which is being. At the same time the subject externalises this existence (*Dasein*), making it something alien (*Fremde*) to the self, and preserves the self therein.

Relations of exchange and contract are forms of externalisation, but also of alienation. It is acquiring by the recognition of one's will and thus becoming recognised existence (*Dasein*). This recognition implies an accomplishment, but also alienation, where one's will becomes recognised as the will of the abstract person.

"My word must count -not on the moral grounds that I ought to be at one with myself, and not change my inner sentiment or conviction (for I can change these)- but [that] my will exists only as recognized" (PS p. 126).

In the contract one's word has the significance of the thing. There is nothing that is binding, i.e., the determinate aspect in personal service (PS p. 128). I respect my particular selfhood by respecting this universal not only as power but as the power of law (PS p. 144). That is how people are made moral and educated by the recognition of law, not merely as power but as the power of law. The force of the contract is purely negative, whose negativity is to be found in the concept of the person (PS p. 127). I am compelled as a person because I place my will in a particular existence but I could do this only as a person. This abstract and negative aspect of contract concerns property and external existence. It does not embrace personhood (honour, life) since the contract is this mediation which sees itself in the thing, in existence as the lawful existence but also as a form of alienation (PS p. 128). Contract relations

are abstract and formal and become valid by being based on law which becomes coercive law (PS p. 123). Law is the actual validation of property, the element of the actual existence through the will of all. Like family, law is the substance and the necessity of the individual, even more it is the guardianship over the individual, when the family "died out", i.e. in so far as he appears as individual.<sup>308</sup> Law as the universal right, property in general, protects each one in his immediate possession, inheritance and exchange. But this is merely a formal right, which remains free but in a negative form.

### **5. The social classes.**

The negativity of the relations among individuals, reflected as mediated relation and thus as relation of recognition, is contrasted to the positivity of the universal relations between social classes. In the *PS* Hegel offers a more elaborate account of classes compared to the *NLE* and the *SDS*. Classes are divided according to the nature of the self-ordering spirit, and thus reflect the idea of the ethical whole. In each class the spirit has a distinct task: to know its own existence and activity in that class; and a particular concept knows its essentiality, i.e. in the relations of trust. Class is analysed on the basis of labour, trust and outlook (*Gessinnung*). The classes are all part, i.e. connected organically in spirit.

In the *PS* Hegel introduces an additional distinction between lower and higher classes. First, the peasant class is examined; the class of immediate trust and concrete or crude labour. "Absolute trust is the basis and element of the state however, the trust returns to one class, to the elementary point of departure ...". The peasant class represents this unindividualised trust, having its individuality in the unconscious individual (PS p.

<sup>308</sup> With regard to contract and law Hegel is critical of Kant's idea of marriage as the tie binding two persons. He argues that the tie binding them is not the formal contractual tie. Nevertheless, these relations are subject to positive law governing the relation between the two partners.

163). Peasant labour lacks the abstraction of industrial labour, in the sense of producing for the satisfaction of universal need, but it rather produces for the satisfaction of individual's needs. This concrete labour provides the means for satisfaction of the peasant's needs. The connection between his end, i.e. the satisfaction of his needs and its actualisation, is the unconscious aspect of nature and his land and relations of trust to the other classes.

The peasant's concrete labour is the elementary labour that is the crude basis of the whole. This substantiality passes over to the abstraction of labour and knowledge of the universal: the class of business and of law. The labour of the bourgeois (*Bürger*) class is the abstract labour of the individual handicrafts in the sense that they produce for market exchange.

"It has taken labor out of nature's hands and has elevated the process of giving shape (*das Formiren*) above the unconscious level. The Self has [thus] gained independence from the earth (*ist über die Erde herausgetreten*). The form, the self of the work produced is the human Self; the natural self has died; [now the self is] to be considered only in its capacity for use and work" (PS p. 165).

The *Bürger* thinks of himself as the proprietor, and that is part of his rightful existence. He knows himself as recognised individuality and he stamps this on everything which carries his self-image (*die Einbildung von sich selbst*). What counts for the *Bürger* is not class as such but the reality of possession as such.

The third subdivision of the lower classes is that of the mercantile class whose labour is pure exchange, neither the natural nor the artificial production and forming of goods.

"Exchange is movement, spiritual, the medium that is freed of uses and needs, as it is freed of work and immediacy (e.g. the stock exchange). This pure movement and activity is the object here. The object itself is divided into two elements: the particular [trade goods] and the abstract [money]. [This is] a great invention - the thing that is

needed has become something merely represented, not something to be enjoyed itself" (PS p. 166).

Money destroys the self-image of the bourgeois and the person is as real as the money he has. Money signifies all needs and it is the abstraction from all individuality, character and skills of the individual.

The counter-aspect of this is the alienation of the individual and the misery of the labouring class. Hegel, in this account of classes, with the introduction of the role of money, examines also the new class related to the development of manufacture, i.e. the class that sells its labour for money. The labour of this class lacks universality and is divided and abstract, akin to machine work. It lacks the universal object to which the universal class is devoted, i.e. the pursuit of the general good (PS p. 169). The higher class is the universal class whose labour is work for the state (PS p. 169). In other words, its labour is the administration and development of public wealth, the exercise of law and executive powers. This distinction between lower and higher classes with regard to their relation to the general good is not to be found in the earlier examinations of classes. Somehow the economic aspect of the new class and the introduction of the analysis of money relations led Hegel to the distinction between bourgeois relations based on money and the universal administrative role of the universal class.

## 6. The question of "bad infinity" and the constitution.

What has been examined so far can be represented to some extent by what Hegel calls "bad infinity". In other words, universal taken as abstract or immediate is analysed negatively, posited as external and alienated. This critique of modern universalism, abstract right and the mechanisation of labour resolves into the cancellation (*Aufhebung*) of the positive constitution and the state. In the *PS* Hegel has not yet elaborated the analysis of the modern state. A substantial part of its content is the critique of the immediate universality of right and property, which is dealt with there as mediated.

The state guarantees the existence (*Dasein*) and power of right.<sup>309</sup> The individual has his supposed right only in and through a universal mediation. Property right is what *counts as universal* substance, i.e. as recognised external existence. However, what counts presuppose the universal mediation of the immediate, which has thereby become "immediate" (PS p. 141).

"Just as it is immediate subsistence, the [social] substance here is also the universal law - and the maintenance of this abstraction vis-à-vis the individual, his known and wanted necessity for him, and the attempted balance of this empty necessity with his existence" (PS pp. 141-2).

The negative critique of the immediacy of abstract universality through the critique of will, right and property, but also of abstract mechanised labour, exchange contract and money can be considered as the backbone of Hegel's critique of liberal contract formalism, but also a critical encounter with the questions of political economy and the new forms of labour. This critique in the *PS* is articulated on the level of the relation of recognition, mediation of immediacy, and the process of labour, in addition

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<sup>309</sup> It is noticeable the way that this idea was developed further in the PR.

to a positive analysis of the development of the different forms of social interdependence.

The state is an expression of the universal general will and its powers defined similarly to liberal political thought. It is the substance and subsistence of immediate property and of the power of all individuals. It protects contracts, and secures negatively expressed social bonds, but also reproduces relations of inequality and poverty (PS p. 140).

"It is universal wealth and universal necessity - which comes to be known as such, knowingly recognized as such [and] comes to be sacrificed to this evil; and it thereby allows all individuals in general and their [particular] existence to become a part [of it], so that it can use them. It, [i.e., the system of universal wealth and necessity] condemns a multitude of people to a raw life, to stultification in labor and to poverty - in order to let others amass wealth and [then] to take it from them. The inequality of wealth is accepted if heavy taxes are levied" (PS p. 145).

Taxation of property appears as the limitation of private property and the evils arising from it.<sup>310</sup> The freedom of commerce may as well lead to arbitrariness and contingency which is expressed in the multiplicity of law (PS p. 143-4) The individual is contingent in his actual property ... he is essential as possessing property in general, i.e. abstract right. The state is the existence of the power of right. Pure right is an abstraction that cannot remain in itself absolutely (PS p. 148).

On the other hand the positive power of the state as "external" to property owners "averts the fear of distress and robbery". The non-payment of taxes exposes wealth to the danger of losing it through violence (PS p. 145). The danger of the positive state

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<sup>310</sup> To the extent that the individual as the pure person separates himself from the universal he is accounted as the evil (PS p. 147). Evil is that which is nothing in itself, pure self-knowledge; this human darkness in itself (through this itself the absolute will) is not something alien to the law (PS p. 149).

power is that it might result in tyranny and alienation (*Entäusserung*) of the individuals' actual will (PS p. 156).

This issue, i.e. the relation between abstract individuals and the positive state power, results in the discussion of the general will and Hegel's critique of Rousseau.<sup>311</sup> The unity of individuality and the universal is now presented in a twofold way, as the extreme pole of the universal which is itself individuality. The individual is divided<sup>312</sup> into the individuality of the bourgeois and citizen as the living unity of the ethical life (*Sittlichkeit*"), i.e. the totality of moral and ethical life (PS p. 158).

Yet this formal distinction is subject to contingency, leading to the "bad infinity" where the universal is applied directly to the universal, in order that the particular may subsist (PS p. 143). This identification is judged as "bad infinity". That is what differs in Hegel's argument about the positive universal and the state from the politico-economic account of the state to be found in political economy.<sup>313</sup>

#### **7. The transition from a negative account of labour and division of labour to social analysis.**

In this chapter I examined Hegel's first systematic attempts at the conceptualisation of objective spirit under the influence of discussions in German idealism, contract theory and political economy. Hegel's study of political economy broadened the difference between him, Schelling, Fichte and Kant but also liberal contract arguments. The problem of labour was not merely a relation between the subject and object whose end is the identity of subject and object. For Hegel the subject-object aesthetic

<sup>311</sup> "The spiritual tie is public opinion; this is the legislative body the real national assemblage. This requires the general cultivation" (PS p. 159).

<sup>312</sup> The first subdivision refers to the will of all and the second to the positive unity of the general will.

<sup>313</sup> Compare with *PR* below.



relation is to be examined in the sphere of the objective spirit as the complex relation of recognition that the identity of the subject and object is a form of misrecognition in bourgeois society. The role of labour and the division of labour is constitutive for modern consciousness social relations of recognition and misrecognition.

In the *Realphilosophie* the first subject-object unity is not the structure of labour itself (*selbst*), but results from the primary logical development towards a new unity. It involves the externalisation and also actualisation and realisation through conscious activity.

The examination of political economy and labour is critically negative in the Jena Writings since it deals with the abstract form of labour, contract and property relations and their objective form. Mechanical labour is objectified in the tools of labour and labour becomes mechanical. It loses for Hegel its natural organic form and multiplicity. It becomes mechanical instead of a process of labour as an application of the individual's will and intelligence and thus a formative experience. Mechanical labour can be absolutely external in the sense that it is not a conscious process for the individual labourer since his work is repetitive and monotonous.

Labour is subdivided into simple tasks and thus the individual's labour is only an activity in a series of activities which result in the product. The latter is an alien product and reflects the characteristics of the process and type of labour presupposed for its production. The abstract determinacies of the product are the characteristic of the division of labour from the objective side. The product is purely quantitative and stands in unmediated relation to the totality of needs of the individual. The individual produces not only to satisfy his needs but for others for universal use. Labour, instead of becoming an immediate form of recognition through the product of one's work is also the source of misrecognition or of a mediated form of recognition. By

the analysis of the objective and universal character of labour Hegel shows that the mediation of the subject and object takes an objective social form.

Contract and property relations presupposing this form of organisation of labour are a form of objectification of the recognition or misrecognition involved. In the *Realphilosophie* the structure of recognition through legal categories of property, contract and exchange leads to the positive constitution of the state. The latter appears as the form of moderation and regulation of the process released by the mechanisation of labour. Its positivity is a form of overcoming the negativity of the state of nature and the system of needs towards the ethical unity of the social classes in their relation of interdependence.

In both *SDS* and *Realphilosophie* their distinction is ambivalent and the economic sphere is examined negatively on the basis of its inner dynamic. The positive constitution of the state is there to regulate the dynamic and increased negativity of modern ethical life.<sup>314</sup> This negativity is articulated on the individualistic basis of actualised right, which produces positive ethical relations as modern relations.

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<sup>314</sup> Göhler (1974) p. 604.

## **Chapter eight**

### **1. The antinomies of the formalist thought in: right, contract, morality.**

This chapter examines what Hegel calls the philosophy of right; as abstract right, property/possession, contract, morality in the way that it embodies and is distinguished by the liberal contract argument, the philosophy of pure will or the antinomies of the critical philosophy. Thereby, Hegel points out the ethical qualities of property, the political aspect of contract, and the way that modern right informs the idea of morality as subjectivity, inwardness. Therefore he offers a modern concept of subjectivity which knows itself in and for itself as negative will (PR par. 5-6).

Abstract right viewed from a moral philosophical view breaks through the abstract formalism of modern legal thought and reproduces it on a level which is distinguished from the immediacy of the naturalist approach of natural law theory and Smith's political economy. The immediacy of the abstraction of right as natural right is what Hegel calls "right in itself" and this is where he starts his analysis of right in the PR. Right becomes for-itself through property and contract and informs morality and the modern consciousness of subjectivity as negative consciousness.

This consciousness led Hegel into the phenomenology of consciousness in *Phenomenology* and the speculative philosophy as the logic of the will in the *PR* (PR par. 140, 7).

## 2. The Elements of the Philosophy of Right.

"The point of view of free will, with which right and science of right begin, is already beyond the false [*unwahren*] point of view whereby the human being exists as the natural being and as the concept which has being only in itself, and is therefore capable of enslavement. This earlier and false appearance [*Erscheinung*] is associated with the spirit which has not yet gone beyond the point of view of consciousness; the dialectic of the concept and of the as yet only immediate consciousness of freedom gives rise at this stage to the *struggle for recognition* and the relationship of *lordship and servitude*" (PR par. 57).

In the *Elements of the Philosophy of Right or Natural Law and Political Science in Outline* and as early as in the *Natural Law and Political Science in Outline* Hegel offers an account of the political science of modern right and free will. Abstract right and free will is the absolute *starting point* (PR par. 57).<sup>315</sup> The externalisation of abstract right and will is presented in three forms or "moments" and modes of modern freedom which are also forms of externalisation (PR par. 7). These modes of freedom are the content of the philosophical exposition of the particular characteristics of the modern right.<sup>316</sup> The transition of the one form to the other offers a critique of abstract right, of moral consciousness, of moral antinomies and, last, the critique of civil society and of the particular forms of historicism related with it. This way of developing conceptually and thus philosophically the different forms of modern right is also a transition of subjectivity as an abstract negative moment to the phenomenology of subjectivity or the objectivity of will, as particular and universal will in the modern ethical life. There lies Hegel's theory of modern society and its critical principle of freedom which informs the exposition and reconstruction of the modern ethical life.

<sup>315</sup> On the question of the abstract beginning and the method followed in the *PR*, but also on the transitions to the different levels of the conceptual exposition, Hegel refers to the *Science of Logic*. In the *Science of Logic* offers the logic of the speculative method employed in the *PR*. See preface of *PR* p. 10, and introduction *PR* pp. 41, 63, on dialectics p. 60.

<sup>316</sup> This for Smithian political economy was presupposed as natural and thus Hegel started his analysis of modern commercial society on a different level.

Criticising the negativity of Kant's and Fichte's systems, Hegel aims at a philosophical conceptualisation that has to "apprehend the *negativity* which is immanent within the universal" (PR par. 6, p. 40) and the apparent opposition between the object and the "I" as the willing subject. Hegel embodies the critical aspects of Kant's argument. The will wills something particular and thus sets a limitation and is negative. This is the starting point of Hegel's speculative exposition. The will for Hegel "is the unity of both moments-*particularity* reflected *into itself* and thereby restored to *universality*" (PR par. 7). This unity splits into individuality (*einzelheit*), particularity and universality. The first moment:

"It is individuality [Einzelheit], the self-determination of the 'I' in that it posits itself as the negative of itself, that is, as determinate and limited, and at the same time remains with itself, that is the *identity* with itself and universality; and in this determination it joins together with itself alone" (PR par. 7).

This negativity is the negativity of the understanding which "refuses to enter into" the speculative unity or what the understanding describes as the incomprehensible. This, for Hegel, is the concrete concept of freedom where the

" 'I' is with itself in its limitation, in this other; (which was posited as the alien object) as it determines itself, it nevertheless still remains with itself and does not cease to hold fast to the universal" (PR par. 7 parenthesis added).

This relation, but also the abstract conceptual beginning, is extensively discussed in the *Science of Logic*. Speculative logic is distinct from the old logic but also from the critical transcendental philosophy of Kant and its further uses by Fichte. The different moments of the will are cancelled in a new higher unity.

"The moving principle of the concept, which not only dissolves the particularisations of the universal but also produces them is what is called dialectics" (PR par. 31).

This development is an immanent progression rather than an external activity of subjective thought. The form of subjective thinking is based on a speculative mode of thinking. In that sense, the way of philosophical thinking has installed in it the characteristic of what Hegel calls the present times.<sup>317</sup> This idea of modern philosophical thinking posits the question of free will and rights (PR par. 7, 8).

Modern critical thinking falls into contradictions. The antinomy of formal thinking fixes upon and asserts the two moments of an idea in separation to each other, i.e. slavery as related to arbitrary will and free will as realising the concept of freedom though positive law. The claim that slavery is contrary to right is an abstract proposition that is immediate and free in itself. But also on that level slavery is contrasted with the proposition that the human being is free by nature which is the assumption of modern and Christian thought. This antinomy is resolved in the struggle for recognition.

"The free spirit consists precisely in not having its being as mere concept or *in itself* (see & 21), but in overcoming [*aufheben*] this formal phase of its being and hence also its immediate natural existence, and in giving itself an existence which is purely its own and free" (PR par. 57).

In short for modern thought slavery does not have a naturalistic foundation, i.e. the proposition "human beings are born slaves" does not meet the requirements laid by reason (*Vernunft*) because of its content.<sup>318</sup> This cannot become a universal maxim in the Kantian sense although it may be argued that it meets the requirements of formal logic. Therefore the existence of slavery is *valid* as wrong and its validity is to be found in its immoral, illegal foundation when right becomes positive right. This

<sup>317</sup> See Preface of the PR.

<sup>318</sup> Reason "resists" the content and thus is possible to become universal and guarantee some form of universal and critical freedom. This logic exposes the "dangers" of an uncritical reading of Hegel's critique of Kant and enlighten the role of philosophical reason which both thinkers share.

antinomy explains the evaluation of slavery as a necessary wrong since it *is valid* although not right, i.e. it is not supported by the modern moral ideas of the good and also of the modern civil code.

This double aspect of formal thinking, i.e. what the Scots would call the distinction between "is" and "ought", is also to be discussed further in the sub-section on morality as the distinction between wrong and right and in the examination of civil society as the question of appearance. Historically the question of the dissolution of slavery was related either with the rise of bourgeois enlightenment thought and revolutionary developments which led to a natural law-oriented legal system or, as political economy has shown, with the dissolution of a method of production which was not profitable any more and was in contest to the enlightenment idea of human nature and rights. The shift that Hegel makes, following Kant's critical tradition, is to point out the problem of slavery not merely on a naturalistic basis but on legal, moral and ethical grounds.

### **3. The transition from possession to property**

The antinomy of formal thinking and the conceptual or naturalistic foundation of slavery and free will is the basis for the discussion of possession in its different forms and of property. The latter is right to the extent that it realises an abstract form of freedom. This is expressed clearly in the transitional paragraph to the examination of contract. However, the detailed examination of the transition of possession to property is of particular interest in the way that they are defined positively and embody the idea of free will.

Thus possession is first possession of one's life and body. Possession presupposes the will to "possess my life and my body, like other things only in so far as my will is in

them", thus "violence to the body does violence to me". That means that "my body is not my external property" but it is the embodiment of freedom, presupposition of the will for life, something which is "impossible" in nature and for animals. The right to one's life and well being as opposed to the "right to suicide" is evaluated positively and more than being a natural right is also a subject to be discussed on the level of moral freedom rather than of nature. However the actualisation of one's moral freedom and well-being may involve that his/her right is violated when the means of its reproduction are absent. In the same way that self-respect may presupposes the respect for other forms of life, which must be socially protected from violation. Furthermore, it brings us to a social level:

"One cannot speak of the *injustice of nature* in the unequal distribution of possessions and resources, for nature is not free and therefore is neither just nor unjust. That all human beings should have their livelihood [*Auskommen*] to meet their needs is, on the one hand, a moral wish; and when it is expressed in this indeterminate manner, it is indeed well intentioned, but like everything that is merely well intentioned, it has no objective being. On the other hand a livelihood is something other than *possession* and belongs to another sphere, that is of civil society" (PR par. 49, p. 80).

The possessed power which reproduces itself and the possession of a thing are two distinct concepts in the analysis of the concept of possession. In that sense the former is not "merely a possession but a resource" (PR par 69, p. 99). The second conception of possession is rather closer to the Lockean idea of possession based on one's labour examined in chapter one. This distinction also applies to a naturalistic consideration of possession distinguished from a formal abstract beginning in the examination of right which leads to the analysis of the social relations of recognition.<sup>319</sup>

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<sup>319</sup> Both these foundations of right are essential appearances related to the modern form of civil society which I shall deal with in chapter IV. Avineri underlined the "sociological" aspect involved in the analysis of abstract right as property right and leads to the analysis of civil society (Avineri (1972) p. 37).



A more systematic approach to the different forms of taking possession which lead to the right to property goes as follows: first, by occupation

"a thing (*Sache*) belongs to a person who *happens to be the first* to take possession of it [occupation] is an immediately self-evident and superfluous determination, because a second party cannot take possession of what is already the property of someone else".

Nevertheless, the first in time is not "the rightful owner because he is the first, but because he is a free will, for it is only the fact that another comes after him which makes him the first" (PR par. 50). The second form of possession is that by the appropriation of the form of the thing. This leads to an actual possession of the thing which is different from its property as such.

The separation between external property of things and possession in one's life and body is the characteristic of the free man and thus the embodiment of the idea. The single will as the will of a person becomes objective through possession and property and thus the latter the presupposition of the freedom of the individual's will. Property is realized and actualised only through the full use of the thing, which in that sense has an owner. This owner, apart from the legitimate use of the thing, also owns its value. The value of a thing is its abstract specific quality as universal characteristic which arises in abstraction from the specific quality of the thing. Thus its true substantiality is *determined* and becomes an object (*Gegenstand*) of consciousness (PR par. 63, p. 92).

Alienation of property is the true mode of taking possession and its first moment (PR par. 65). The way that the alienation of property takes place is what distinguishes the slave from the hired labourer. There lies the difference between the producer and the owner of the use and value of a thing. In that sense, the author of the book or the inventor of a technical device

"remains the owner of the *universal* ways and means of reproducing such products and things [*Sachen*], for he has not immediately alienated these universal ways and means as such but may reserve them for himself as his distinctive mode of expression" (PR par. 69).

There lies the difference between ownership of the thing and the power which confers such things. This power is what makes things not merely a possession but a *resource* (*Vermögen*) (PR par. 69). This power acquires an ethical quality that

"is to protect those who work in them (sciences and arts) against *theft* and to provide them with security for their property, just as the earliest and most important means of furthering commerce and industry was to protect them against highway robbery" (PR par. 69).

This "ethical quality" of property as resource is raised also in paragraph 170 in the context of the communal property of the family. Hegel distinguishes between the abstract property of the individual which contains the arbitrary moment of the particular need of the single individual transformed into having a communal purpose, in other words, an ethical quality (PR par. 170).

Moreover, the concept of property has a double meaning: first, private property as the right of the individual as a legal personality, which would be closer to a legal or liberal approach, and common property, which implies membership in an ethical purpose and quality. The concept of private property is found in the "partnership" through which "the retention of my share is explicitly a matter of my arbitrary preference". This distinction does not imply that private property is unrestricted. The "specific characteristic of private property may have to be subordinated to a higher sphere of right". In other words, to be embodied in the higher spheres of ethical life where a broader idea of social freedom is realised.<sup>320</sup>

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<sup>320</sup> Illing (1971) p. 93.

Hegel's criticism of Plato is that his "ideal state violates the right of personality by forbidding the holding of private property". The justification of that is to avoid the realisation of private advantage, caprice and arbitrariness etc., thus putting in danger the common interest and the peace of the state (PR p. 189). Therefore Plato argued that the common advantage is guaranteed only by forbidding individuality and particular interests expressed through private property. Instead the institutional protection of particularity became for modern society the very condition of commerce and of the development of science, arts and technical innovations. Thus individuality and realisation of abstract freedom expressed in the right of the person to be a property owner is the distinctive characteristic of modern ethical life and the condition of some form of freedom.<sup>321</sup>

For Hegel possession becoming property implies the transition "into the external world where it falls under the category of property in the legal sense". This transition is also alienation, as externalisation. The thing is defined as opposing the person, which means the opposite of what is substantive. The person has the absolute right to appropriate all external things (PR par. 44). The will for something external to the individual person implies a form of externalisation and alienation. Externalisation is the result of determinations which derive from the legal definition of property. On the one hand, it is the "result of my natural need", and on the other hand, as actual will, i.e. by being object to itself and through what it possesses. In this sense, property becomes an embodiment of freedom and a substantial end in itself. The essential presupposition for property is rational since it is the condition for the realisation of subjective freedom, yet in an abstract form (PR p. 42).

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<sup>321</sup> This ethical realisation of freedom through the institution of private property is contrasted to the liberal conception of property for which the political protection of property and fair exchanges is the presupposition of commerce and of commercial society. Hegel's argument embodies the liberal approach but also underlines the ethical quality of property.

This positive account of freedom as ethically realised has been the source of different interpretations and misunderstandings of Hegel's argument. I shall look at Waldron's and Stillman's arguments, which underline the importance of property as the realisation and formal actualisation of the person's free will and thus of some form of freedom. Waldron calls an "obscurity" the statement that "my body is the embodiment of my freedom",<sup>322</sup> i.e. the natural law argument that one has rights to one's body and I should add the right to its reproduction and well-being. Waldron's account, a rights-based account, argues in favour of property, and its positive content as the precondition of individuals' actualisation of freedom.<sup>323</sup> Stillman takes into account the historical context and the way that it influences Hegel's argument.<sup>324</sup> Thus private property transcends the development of individuality and it is related to a rich social and political order.<sup>325</sup>

The point that Waldron and Stillman make can be formulated as follows: first, private property being positive by principle is accepted as an essential element for the realisation of the individual's freedom. Second, as Stillman points out, private property is bound up with a concrete form of society and a particular social and political order.<sup>326</sup> This relation is called a "conundrum". First, because the relation between abstract right and *Sittlichkeit* is not settled. Second, because Hegel locates the problem in the particular relation of property rights and the major socio-political institutions of ethical life.

Stillman, although he points out the complexity in Hegel's argument, says that Hegel, like "many political philosophers" and contract theorists starts his

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Illung deals with the "social obligation of property" which arise from the very rational foundation of the free will as well as from the very fact that will wills *something* external. This form as an externalisation of the free will implies the ethically mediated character of property. In addition, the rational exposition of the concept of the free will is understood only in its relation; firstly, in its reality, and, secondly, in its actuality.

<sup>322</sup> Waldron (1988) p. 362.

<sup>323</sup> Ibid., p. 343.

<sup>324</sup> Stillman (1989) pp. 1055, 1056, 1058.

<sup>325</sup> Ibid., p. 1072.

<sup>326</sup> Ibid., p. 1032, emphasis is added.

"presentation or justification of property with a single person in a presocial condition. . . . From that origin Hegel closely links property to freedom and personality, and presents personality as an odyssey of *Bildung*".<sup>327</sup>

This simple beginning which characterises Hegel's argument is very much different from the one to be found in the liberal accounts of society.<sup>328</sup> For Hegel it is to be resolved, as Stillman correctly points out, in the context of the ethical life. Stillman completely misses the point when he isolates Hegel's argument on that simple origin from its relation to ethical life and to the positive justification of bourgeois institutions. This approach may result in reading Hegel's argument as another "justification" of property and thus of a particular form of modern ethical life, abstracting from the dynamic historical aspect in Hegel's argument.

In the next section I shall examine "the politics" of Hegel's argument and its justificatory aspect by comparing his ideas on property and the social contract.

#### **4. Property contract and the social or "political" contract.**

"This mediation whereby I no longer own property merely by means of a thing and my subjective will, but also by means of another will, and hence within the context of a common will, constitutes the sphere of *contract*. Reason makes it just as necessary

<sup>327</sup> Ibid., pp. 1039-1040.

<sup>328</sup> According to Haddock, Hegel "rejected contract theories but also retained some of the language and assumptions of social contract theory". Further, I should argue that Hegel did not merely "retain" contract theory on the linguistic level or the level of their assumptions. Property contract theory and social or political contract theory was a substantial part of Hegel's reconstruction of the idea of modern society and modern freedom. However, Hegel rejected contractarianism throughout on the level that history made it redundant, i.e. by the development of commercial society and political economy, and thus the transition of rational negative constitution of the society based on the individual's will toward a practical and more politico-economic one. In the contemporary debates Hegel's critical view of contract theory is endorsed by the communitarians versus the liberals by MacIntyre and Sandel (cited by Haddock (1994) pp. 158, 162). See also Steven Smith (1989).

that human beings should enter into contractual relationships -giving, exchanging, trading etc.- as that they should possess property" (PR par. 71).<sup>329</sup>

Contract is the formal externalisation of one's will and thus important for possession becoming property. The classification of contracts as appears in a legal analysis is as follows: first, contract of gift, second, contract of exchange, third, completion of a contract by giving a pledge (PR par. 77, 80). Hegel argues that this classificatory attitude rooted in Roman law is based on external and superficial aspects of contract which occasionally contravene the concept of right. These formal distinctions tend to confuse the "nature of contract" (PR par. 77).

Two forms of contract have been the subject for discussion by liberal thought and the critiques that follow it. The first form of contract focuses on the examination of the forms of recognition of one's will as the right to something, i.e. as the right to private property. Thus it leads to the exclusion of others. The second form concerns the nature of the state and the foundation of government and of the monopoly of political power. The first can be put under the category of contract of exchange, and the second as the social or political contract. Liberal contract theory from Locke to Smith has dealt with these contracts as the same thing.<sup>330</sup>

As I have shown in Smith's critical view of exchange and contract in book one of the WN, contract is taken as mainly the labour contract based on the simple labour theory of property. In the LJ, while examining the natural law tradition, contract is the presupposition of the extension of the market and the division of labour. Contract is to secure property rights and thus make possible exchanges.

<sup>329</sup> In the German text "should" is only implied by the expression "*es ist durch die Vernunft*". In that sense the normative philosophical content of possessing property is to be found in philosophical reason and through that only possessing property is rational.

<sup>330</sup> Benhabib (1984) p. 170.

Kant's liberalism went as far to say that the most simple forms of social relations and family relations can be considered under the category of contract. In this sense, marriage is also a contract. For Hegel neither marriage nor the state can be constituted on the basis of contractual agreement. The former argument is dealt with on the context of morality and the latter on the level of the critique of contract as constitutive for the modern state. In Hegel's words:

"The nature of the *state* has just as little to do with the relationship of contract, whether it is assumed that the state is a contract of all with all, or a contract of all with the sovereign and the government" (PR par. 75).

and continuous:

"But the state is by no means a contract (see & 75) and its substantial essence does not consist unconditionally in the *protection* and *safeguarding* of the lives and property of the individuals as such. The state is rather that higher instance which may even itself lay claim to the lives and property of individuals and require their sacrifice" (PR par. 100).

Therefore, Hegel distinguishes between the contract among property owners and the social or political contract. With regard to the first he underlines the importance of the relations of recognition and positive realisation of common free wills in the owned thing but also negatively as form of exclusion of others' wills to express their free will in this particular thing.

Hegel's argument is not only distinguished from the liberal contract argument but also from Smith's historical critique of contract in the LJ and TMS which is based either on "the four stage theory" or on the principles of authority and utility. In the WN Smith employs "pragmatically" the Rousseauian idea of the general interest and the representation of conflicting interests in commercial society. Hegel follows Smith in

his conclusion that the general interest most times is identified with the particular interest. That is reflected in the distinction he had drawn between civil society and the state which follows Rousseau's distinction of general and particular will.

According to Hegel, although Rousseau's distinction is not altogether wrong, it tends to be realised as a formal distinction, since what actually happens is the identification of particular and universal interest and thus their distinction can be reflected. Although he assesses this distinction as positive, he points out that this creates a confusion when the distinction of particular and universal will reflects the relation between the state and civil society. To put it in a different way, the political expression of different social interests, which for Hegel is the condition of the state, is "cancelled" on the level of civil society. There lies Hegel's distinction of civil society and the state and his critique of a merely formal distinction but also the liberal conception of the state and the state as the political substance, i.e. as the existence of political institutions.<sup>331</sup>

"If the state is confused with civil society and its determination is equated with the security and protection of property and personal freedom, *the interests of individuals [der Einzelner] as such* becomes the ultimate end for which they are united; it also follows from this that membership of the state is an optional matter. - But the relationship of the state to the individual [*individuum*] is of quite a different kind. Since the state is the objective spirit, it is only through being a member of the state

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<sup>331</sup> Hegel differs from Rousseau by postulating a transcendental general will which, as the 'objective will' of a rationally structured community, is more than the sum of individual wills. He agrees that such will must express or manifest itself in the actual thinking and willing individual citizens, consciously identifying their subjective will with the objective will and its needs. This union of subjective and objective will constitutes "concrete freedom" which is higher than the abstract subjective and objective freedoms taken by themselves. It is through the political institutions of the ethical community that the reconciliation of the subjective and the objective aspect of the will is effected (Pelczynski (1984) p. 75).



that the individual [*individuum*] himself has objectivity, truth, and ethical life" (PR par. 258).

What is at stake in this distinction is not merely the relation between the particular will of the property owners and its "*Aufhebung*" in the objective spirit of the state of citizens. But the relation between individuality as the expression of individual's [*der Einzelner*] interests and of the *end* of the unity of the will of all. The state and its relation to the individual [*individuum*] as a political subjectivity highlights an ethical quality of individuality which is not merely identified with "the security and protection of property and personal freedom" of the individual's interest as such.

Hegel's argument puts forward the "ethical quality" of this distinction, rather than merely the formal distinction put forward by Rousseau.<sup>332</sup> Nevertheless, Rousseau's way of dealing with the question of the state, i.e. on the basis of will as being the principle of the state, in other words examined the question of the state philosophically rather than historically. However, he made the same mistake as Fichte in considering the will as the determinate will of the individual and then

"regarded the universal will not as the will's rationality in and for itself, but only as the *common element* arising out of this individual will as the conscious will. The union of individuals [*der Einzelnen*] within the state thus becomes a *contract*,..." (PR par. 258).

Rousseau and Kant, drawing from the latter, made as their highest foundation of right and free will, the will and spirit of the particular individual, as the will of the single

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<sup>332</sup> Hegel's presupposition can be considered from a "practical" standpoint, i.e. as a separation of the concept of the state from civil society, as a "separate entity, besides and outside civil society" (Pelczynski (1984) p. 1). Marx (1970) p.80.

person [*des Einzelnen*] in his distinctive arbitrariness. Thus they lack the immanent rationality of individual right and free will and freedom is only an external and formal universal. Instead, Hegel suggests that will as rational will has being in and for itself or as spirit (PR par. 29). Herein lies the difference between a contractarian view and Hegel's, in that consciousness is not merely the consciousness of the individual which encloses also arbitrariness but it is the actuality of the spirit as actuality.<sup>333</sup>

Historically though this approach to individuality and contract became the foundation of individuals' autonomy and on the level of contract theory sought a justification of power in individuals' rationality (PR par. 75). This was a turn against the divine justification of political power and social harmonies or disharmonies. As a result the abstractions of contract were dealt as follows:

"Consequently, when these abstractions were invested with power, they afforded the tremendous spectacle, for the first time in human history, of the overthrow of all existing and given conditions within an actual major state and the revision of its constitution from first principles and purely in terms of *thought*; the *intention* behind this was to give it what was *supposed* to be a purely *rational* basis" (PR par. 258, p. 277).

and then

"The state is not the work of art; it exists in the world and hence in the sphere of arbitrariness, contingency, and error, and bad behaviour may disfigure it in many respects" (PR par. 258 p. 279).

The analysis of the "rationality" of the state presupposes for Hegel the analysis of the antinomies of reason and thus the critical reading characteristic of enlightenment thought. The problem that Hegel addressed was that "the pure rational basis" led into the lack of thought lacking the idea of the state as the ethical whole actualising the

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<sup>333</sup> Marcuse highlights actuality as the conscious existence as the *Dasein* (Marcuse (1936) p. 55).

idea of freedom and the idea of the rational will as being both in and for itself. Therefore the state was perceived on the level of appearance, and formal universality, i.e. as if it were the civil society which endorses arbitrariness and social inequalities and through its contradictions leads to the actuality of the universal will.<sup>334</sup> That is what is also called the "myth of enlightenment".<sup>335</sup>

In the examination of the property contract Hegel mentions the distinction between common (*gemeinsam*) will and the particular (*besonderer*) will corresponding to the distinction between property and possession in the theory of property.<sup>336</sup> The distinction between universal and particular will is the way the individual's will is realised as the will of the "*einzelner*" or of "*individuum*" and the different qualities related to this distinction of individuality. The distinction of the different forms of will and the way that they are realised in the context of ethical life is a political question. Hegel is more explicit on that in his critique of terror in the *Phenomenology of Spirit*. In the PR, Hegel puts forward a political concept of ethical life in the way individual freedoms are not merely cancelled but also conditioned and realised in social and political institutions.<sup>337</sup> Political economy and his theory of civil society are to deal with this question.<sup>338</sup>

<sup>334</sup> On appearance see *Science of Logic*, book two, section two; the dissolution of appearance, essential relation. See the *History of Philosophy* on the way that the modern world is distinguished from classic and roman.

The actualisation of freedom overcomes civil society as such since it fails to be its true actualisation (Marcuse (1936) p. 50).

<sup>335</sup> Adorno, Horkheimer (1972).

<sup>336</sup> Hegel uses common (*gemeinsam*) will and the particular (*besonderer*) as distinct from the universal (*Allgemeine*) will.

<sup>337</sup> Ripstein (1994) finds the importance of Hegel's argument to consist in the fact that it acknowledges the contingency of the will, whilst avoiding arbitrariness (p. 445) which "plays itself out in the form of the Reign of Terror" in the case of the French revolution (pp. 451-2). Ripstein, as most commentators who follow this line of argument, seems to miss the moment of enlightenment which Hegel calls the "tremendous spectacle" which overthrows existing and given conditions within an actual and major state and then ground the state on thought not based on cognition but on the rationality actualised historically in the modern state. That is the power of modern thought which turns into illusion, and in practical matters into terror, when thought becomes pure abstraction as the foundation of a thoughtless science of politics. The characteristic of this thought is that it deals with what Hegel calls negatively the "tremendous spectacle" and thus lacks its idea in and for itself in its historical actuality.

<sup>338</sup> Whereas Hegel, when he refers to the political theories of the revolution (Rousseau), points out critically their abstractness and their fundamentally one-sidedness with respect to historical reality,

The nature of contract lies precisely in that both "common and particular will should be expressed, for a contract is a relationship between one will and another" (PR A par. 78). The property contract presupposes the contracting parties as self-sufficient persons and the contract is the product of their *arbitrary will*.

"The identical will which comes into existence [*Dasein*] through the contract is only a *will posited by the contracting parties*, hence only a *common (gemeinsamer) will*, not a will which is universal (*allgemeiner*) in and for itself" (PR par. 75).

The third characteristic of the property contract is that "the object (*Gegenstand*) of the contract is an *individual external (Sache)*, for only things of this kind are subjects to the purely arbitrary will of the contracting parties" (PR par. 75). In that sense neither marriage nor the state are contracts. The latter because it is *assumed* that there is contract of all with all or a contract of all with the sovereign and the government. The confusion created is expressed in the fact that political rights and duties are regarded as the immediate private property of particular individuals in opposition to the right of the sovereign of the state (representing the political power), as if the rights of the state and the sovereign can be regarded as objects of contract. The latter for Hegel are of "higher nature" and "totally different". The property contract originates in the arbitrary will of individuals and does not apply to the state in which the individual is by nature (!) a citizen (PR A par. 75 exclamation mark added). In enlightenment tones, with an Aristotelian influence, Hegel points out that: "it is the rational destiny of human beings to live within a state, and even if no state is yet present, reason requires that one be established". The state in modern times is an end in and for itself (PR A par. 75). In the same way: "reason makes it as necessary that human beings should enter into contractual relationships - giving, exchanging, trading, etc. - as they should possess property." The reasons for that might be utility or

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he acts otherwise in his fastening upon political economy. The political theories of the revolution, which are deductive positing of new political forms from principles, have at the same time the immediate determination of making possible revolutionary emancipation for the existing historical institutions and legal forms, Riedel (1984) p. 69.

benevolence, but implicitly they are led by reason, which is expressed in the realisation of free personality as an objective relation even if that presupposes property relations.<sup>339</sup> The universal will on the level of the property contract appears only in the form and shape of a community (*gemeinsamkeit*), the community of the common will (PR A par. 71).

The Kantian argument in this case argues that reason is the characteristic of the modern and enlightened person, as Hobbes argues for the calculating and thus rational characteristic of every human being.<sup>340</sup> On that basis it is possible to have a contract of all with all and with the sovereign, who after this agreement represents something "higher" than the will of all. The power of the sovereign has thus a rationalistic basis. Hegel highlights the arbitrary aspect of individuals' will and interest which cannot be the basis of a social contract. Nevertheless, his emphasis on natural disposition (*Willkür*) does not lead Hegel back to the enlightenment formalism of reason but to the way that reason is realised in ethical life and the state.<sup>341</sup> Thus Kant's foundation of practical moral autonomy on reason (*Vernunft*) in the "second critique", but also the synthetic *a priori* autonomy of the agent of reason who acts in the interest of reason, is to be looked at in the context of ethical life and acknowledge its partiality.

With regard to the latter I shall examine Hegel's critique of morality and of the antinomies of formal thinking which lead to deception, wrong and the negative realisation of will through crime/punishment, i.e. the negative realisation of freedom as the foundation of modern subjectivity.<sup>342</sup>

<sup>339</sup> I shall contrast this account of the rationality of property relations among persons with the early account of property in the FPS and PS see *ibid*, chapter eight B,C.

<sup>340</sup> Angelidis argued that the characteristic of Hobbes argument is that he introduced a typology of action which is distinct from a typology of rules and values. This separation of action and values led to the functional foundation of values and the critique of the traditional values on a modern scientific basis (Angelidis (1987) p. 4). Adorno and the critical school also by unfolding the antinomical nature of reason offered a critique of the instrumentality of modern reason. Ripstein's empiricist view of contract (Hobbes, Locke, Hume) as grounded on the agreement on mutual advantage and thus instrumental calculation of interests (Ripstein (1994) p.444).

<sup>341</sup> Hegel says at the end of par. 75 "siehe unten: *Sittlichkeit und Staat*".

<sup>342</sup> Hegel's analysis of the antinomies of formal thinking and the necessity of wrong which although wrong is valid (PR par. 57).

### **5. Wrong deception crime and punishment.**

Wrong presupposes the separation between right in itself as the appearance of right and the actuality, existence (*Dasein*) of right (PR par. 82). In the case of wrong there is a semblance from the point of view of right in itself (PR par. 83). Deception is wrong, but from the point of view of one person in relation to another person, i.e. I create this semblance to deceive someone else. Crime involves both wrong and deception, i.e. wrong both in itself and for me (PR par. 83). Deception in this case is the reduction of universal will to the particular will which is a mere semblance. This reduction in the case of contract appears as the purely external *community* of wills. In deception the particular person is given the illusion that he receives his right (PR par. 87).

The infringement of right is coercion (PR par 95). Coercion at that stage is mainly dealt with as external coercion by the state or law, which enforces the power of right through the system of justice and punishment. At that stage there is a special relation between right and morality mediated by law and its enforcement.

A decision in accordance with the law may be judged as immoral although legal. That is because law contains some form of content which is only assumed. Punishment as the revenge against the offence made to the law in the context of the modern institution of justice has also some pre-modern elements in the way that common law is related to the individual's actions. Hegel offers a critical view of the theory of punishment as not merely legal, since it involves the element of "revenge" from the point of view of protecting common values.

In the NLE the economy of the market seemed to apply also to the legal code. The latter appeared as the "price list" and thus evaluation of an action rested on paying the prices of one's crime. In the PR Hegel develops an idea of common value as the basis

for punishment which may equally lead to an arbitrary association of evil with an illicit action. To avoid "relativism" or the casuistic approach (*Klein*) Hegel suggests a theory of punishment that takes into account a moral point of view; first, of the particular consciousness and second, the arbitrary elements involved and "retributive considerations" (PR par. 99, 101 and tr. notes on par. 99).

Nevertheless, "right and justice must have their seat in freedom and the will, and not in the lack of freedom at which the threat is directed" (PR A par. 99). In that sense, psychological coercion which refers to the quantitative and qualitative differences within crime, and not to the nature of crime in itself, cannot be the proper foundation of a legal code (PR *paraphrase* par. 99). Thus the question resolves into that of the foundation of law and the different schools of legal thought and jurisprudence, and I shall examine it on the level of morality and ethical life rather than on the stage of abstract right.

#### **6. Right and morality.**

Abstract right appears as the first moment of the will as pure activity (PR par. 7). The will is free in and for itself as it is in its abstract concept, it is in the determinate condition the *immediacy*, i.e. free will exists as a level in the concept's pure development (PR par. 34). 'I' is still being within itself without any opposition. In morality, on the other hand, there is already an opposition; for in this sphere, it is present as an individual will, whereas the good is the universal, even though it is within one's individual will (PR par. 34).

The difference between right and morality, although at first sight it seems to be a relation of opposition (negative/ positive), is differentiated in the way that different wills are related and thus it has an ethical foundation. Formal right contains only external prohibitions and an action closely in keeping with right has a negative determination in respect of the will of the others.

"In morality ... the determination of my will with reference to the will of the others is positive - that is, the will which has being of itself is inwardly present in what the subjective will realises. This entails the production or alteration of something existent, which in turn has reference to the will of others. The concept of morality is the will's inner attitude [*Verhalten*] towards itself. ... On the contrary, its objectivization also contains the determination whereby the individual will within it is superseded; and in consequence, since the determination of one-sidedness disappears, two wills with a positive reference to one another are now posited. In the context of right any intentions which the will of others may have with reference to my will, which gives itself existence [*Dasein*] in property, are irrelevant. In the moral sphere, however, the welfare of others is also involved, and it is only at this point that this positive reference can come into play" (PR par. 112 A).

Legal action which is determined by rules, is not imputable to me; it thus contains only some moments of moral action proper, and these are only externally present. What makes action moral in the proper sense is therefore distinct from its legality (PR par. 113). Right is related to the abstract universality of the law. Morality is related to the free will and subjectivity. Nevertheless,

"The sphere of right and that of morality cannot exist independently [*für sich*]; they must have the ethical as their support and foundation. For right lacks the moment of subjectivity, which in turn belongs solely to morality, so that neither of two moments has any independent actuality. ... Right exists only as a branch of a whole, or as a climbing plant attached to a tree which has firm roots in and for itself" (PR par. 141 p. 186).



For the distinction between morality and legality the relation between Hegel and Kant is critical. The difference between Hegel and Kant on subjectivity is that the being of subjectivity is limited by Kant to inwardness in all the religious, moral, and personal relations determining it.<sup>343</sup> According to Hegel, Kant cannot avoid the opposition between inner morality and the outer facing it. Therefore, according to Hegel, morality is without an actualisation, it remains an *ought to be*.

Right as the right of the person should also involve subjectivity as representing the freedom of all individuals' rights.<sup>344</sup> This type of "preservation" of subjectivity in the positive system of Kant leads beyond the differentiation of ethics and the theory of right which follows from it. The separation between morality and legality, between "ethical" and "juridical" legislation, in the specification that morality is related exclusively to correspondence with the law. Insofar as the idea of duty from the law is at the same time "the incentive of the action", Kant is led to the view that everything in human action which does not rest upon inner legislation belongs, as external action, only in the sphere of right. Ethics is exclusively a doctrine of virtue that does not come under external laws. Freedom which applies to both realms (virtue and law) is divided into outer and inner freedom.

For both Kant and Hegel family, civil society and the state remain objects of the doctrine of right. However, at the same time they are placed under an ethical determination as structures in which freedom includes the freedom of subjectivity. That is the transition from morality to the institutions of the family, civil society and

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<sup>343</sup> Ritter (1983) p. 157.

<sup>344</sup> *Ibid.*, p. 158.

state which is a transition to the ethical life.<sup>345</sup> Morality is thereby freed from its restriction to the duties of inner freedom and is related to these institutions as its inner reality and actuality.

### **7. Morality and the formalism of abstract thinking.**

Moral freedom, autonomy and subjectivity is at stake in the discussion of morality. Hegel is mainly dealing with the formalist, critical approach offered by Kant. He also argues against casuistry as represented by the casuistic theologians, the Jesuits (PR par. 140 p. 138). Jesuits had worked upon the different forms of consciousness and multiplied them on the basis of *probabilism*. Their point of view is parallel to that of absolute sophistry. Their argument is articulated on the basis of representation [*Vorstellung*] and thus can show the positive aspects in evil and transform the latter into good.

"It [probabilism] adopts the principle that an action is permissible and can be done in good conscience if the consciousness can discover *any* good reason for it - even if this is merely the *authority* of a single theologian, and even if other theologians are known to diverge very considerably from the former's judgment" (PR par. 140 pp. 172-3 see third "type" of subjectivity).

A step further towards the objectivity of subjective conviction and consciousness was the product of Fichte's philosophy which led to the objectivity of universal selfhood (PR par. 140 p. 184). But this subjective point arises only when faith has lost its seriousness. Nevertheless, Fichte's idea of subjectivity mainly arises from the critical

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<sup>345</sup> Ethical life is introduced by Hegel in contradiction to the morality of the subjective will and its good in the abstract as the absolutely valid laws and institutions (PR par. 144), ethical powers (PR par. 145), custom, habitual practices as the general mode of conduct of individuals (PR par. 151), social and orderly life (PR par. 170), class (PR par. 207) corporation (PR par. 253), and in summary as institutions (PR par. 265).

philosophy of Kant.<sup>346</sup> The critique of Kant's moral will, good and conscience is on the basis of the analysis in its antinomies between universal maxims/autonomous free will, objectivity/subjectivity, which lead into contradictions and the impossibility of judgement.<sup>347</sup>

Hegel's critique of morality and consciousness is developed mainly in the *Phenomenology* where he deals with subjective spirit, and is critical for his philosophy as a whole (PR par. 135). In the PR the critique of the formal aspects of morality (PR par. 129 133, 135-9 140), which I shall deal with, is based on an analysis of moral duty (PR par. 135), subjectivity (PR par. 136, 138, 140), good and evil (par. 139). "Duty for duty's sake" is for Hegel a pure and empty formalism.<sup>348</sup> From the point of view of moral autonomy based on knowledge (*Erkenntnis*) a theory of duty is not possible. As Kant may argue, one should bring "material from outside", "content" and thus duty splits into particular duties. But then a contradiction is bound to appear. In that sense the determination of duty for duty's sake is the absence of contradiction as formal correspondence with itself. If it is so, the maxim to act according to one's duty offers no criterion to decide on the content of this maxim. That was made clear as early as in the NLE with the example of the deposit.<sup>349</sup> As far as no content is presupposed in this case, let us say of property, no contradiction arises. Instead of acting according to the universal maxim to respect property and thus the duty to act according to this maxim one may respect property because of other reasons rather

<sup>346</sup> Both these standpoints make Hegel's critique of morality comparable to TMS and LJ where Smith offers a critique of casuistry and modern systems of moral philosophy.

<sup>347</sup> Compare with the theory of moral consciousness and the early critique of morality and deposit in the *Natural Law Essay*.

<sup>348</sup> Ioannidou (1991).

<sup>349</sup> See *ibid.*, ch. I.

than to act according to the rule for the sake of it. In that case, there is the possibility of agreement of duty with the moral maxim and thus resulting in the formal identity or being in contradiction with it. But even if acting according to one's duty and respecting property then "the duty for duty's sake" is mediated by the presupposed content of property. Thus the existence of a content makes it impossible for principle to be principle of action without contradiction (PR par. 135 p. 163). This formal way of thinking sets the opposition of subjectivity and objectivity as universal and does not offer a criterion for action.

Nevertheless, there lies the distinction between the modern world and antiquity. The modern world attains knowledge by the consciousness of this opposition which is grasped in thought and thus is a source of obligation. In antiquity this "internalisation" or "evaporation of subjectivity" was "impossible" (PR par. 136 A). Thus the question of action and praxis is on a different basis external and given, i.e. fate. For Hegel this opposition in modern thought is bridged by what he calls ethical disposition and religious consciousness which lies outside that sphere (PR par. 137 p. 165).

"Both principles that we have so far considered, the abstract good and the conscience, lack their opposite: the abstract good evaporated into a complete powerlessness which I can endow with any content whatsoever, and subjectivity of spirit becomes no less impoverished in that it lacks any objective significance. ... The unity of the subjective with the objective good which has being in and for itself is *ethical life*, and the reconciliation which taken place in it is in accord with the concept" (PR par. 141).

By the term "evaporation of subjectivity" Hegel means the evaporation of all aspects of right, duty and existence (*Dasein*) into itself as abstract self-determination and

pure certainty of itself alone. Subjectivity is determined solely from within itself in as much as it is the power of judgement of the good in relation to a given content. But that is already a modern conception of subjectivity.

Self-consciousness reaches absolute reflection in the stoics and Socrates's thought. The tendency to look inwardly in the self and determine from within what is right and good appears in epochs when what is recognised as right and good in actuality and custom is unable to satisfy the better will (PR par. 138). Thus this "evaporation" is the evaporation of every content into itself and then develops it out of itself. This inner life for Hegel is characteristic of "spiritless times" and historically was related to the collapse of Athenian democracy. The evaporation of the external world was turned into a search for right and good, inwardly.

This state of pure inwardness leads

"either in the *universal in and for itself* or to the *arbitrariness of its own particularity*, giving the latter precedence over the universal and realising it through its actions - i.e. it is capable of being *evil*" (PR par. 139).

Evil in that case is the reduction of universality into the arbitrariness of particularity. Conscience as formal subjectivity can turn into evil, for both morality or evil have their root in self-certainty which has being for itself and knows and resolves it for itself. Particularity is also divided into the "will's natural phase" and its inwardness. In the relativity of the will's natural phase lies the immediate objectivity, opposed to the universal as the essential and thus the *individual subject* is posited as having *the responsibility of its own evil* (PR par. 139). But then, if the abstraction of self-

certainty is always a part of evil and only the human being is good, then it is good only in so far as it can be also evil. Good and evil are inseparable and their inseparability derives from the fact that the concept becomes its own object and, being so, embodies the determination of difference. Good or evil will are distinct from one another through the way they are related to the universality of the will and its concept. Natural will can be neither good nor evil except in relation to the will as freedom and as the knowledge of freedom, the natural contains the determination of the unfree, and is therefore evil. Positive understanding merely sticks to the positive or wholly good which is supposedly good in its origin. From the point of view of the concept, positivity is apprehended as activity of self-differentiation (PR par 139). On the level of will, decision is the cancellation of this duality.

Paradoxically this examination of subjectivity, good and evil led Hegel into a "typology" of subjectivity and of the different forms of consciousness which lead to an action as ways of bridging the dualism on the level of subjective consciousness. That is given in six principal shapes:

- a) Acting in bad consciousness either because of knowing that the action is not in accordance with the universal maxim, or because of lack of knowledge.
- b) To act in an evil manner and with an evil consciousness, which may lead to hypocrisy, in which in addition evil is presented as good for others. This is the trick of deception.
- c) An action is permissible and can be done in good consciousness if consciousness can discover some good reasons for it, even if it is the authority of one agent. In the case of probabilism, subjective reasons are employed to support an action. In that

sense there is a positive moment, in the sense that reasons for the action are needed, but probabilism is still a form of hypocrisy in the sense that the difference between good and evil is judged on the basis of their probability.

d) In the case of action out of agents' good intentions Hegel uses the argument versus the formal universal maxims, and good intentions shows that the dialectic between moral good intentions and universal maxims is to be articulated on the level of subjective opinion and knowledge of what is good or evil, and thus decide their validity.

e) Subjective opinion distinguishes between the subject's conviction and the authority of the external law. Law cannot produce a subjective conviction. The possibility of error is always open, taking into account the ethical aspects which are identified as the degradation of philosophy and academic life. The way that Hegel formulates the problem of contingency and necessity, deed and action, as the foundation of the right of moral will and responsibility is as follows:

" ... the action as the end translated into the *external world* is at the same time exposed to the external forces which attach to it things quite different from what it is for itself, and impel it on into remote and alien consequences. The will thus has the right to *accept responsibility* only for the first set of consequences, since they alone were part of its purpose" (PR par. 118).

f) The supreme form by which subjectivity is to be comprehended and expressed is the form of irony. Irony is initially borrowed by Plato, employed in the personal dialogue by Socrates to defend the idea of truth and justice against sophistry. Thus irony is applied to the uneducated consciousness of the sophists and not the idea itself. Irony concerns the manner of speaking in relation to people and by means of dialectics submerges subjectivity under the substantiality of the idea. In romantic irony

subjectivity knows itself as supreme. The tragic irony, subject of the classic tragedy, has an ethical interest.<sup>350</sup> The objectivity of the knowledge acquired by the preceding historical forms is ethical. It can either lead to enjoyment of this knowledge and the self-conscious subjectivity or to the beautiful soul as the nobler type of subjectivity in a community of bonds between self-satisfied subjectivity and the aesthetics of good intentions "in basking in the glory of this self-knowledge and self-expression and of cherishing and cultivating such pursuits" (PR par. 140 p. 182).

This account of subjectivity as empty and absolute form of subjectivity led Hegel into the phenomenology of consciousness, unlike Kant and representational thought. The phenomenological aspect is rather distinct from the one exposed in the PR, where the discussion of consciousness, morality and subjectivity led to the examination of ethical life and the analysis of the naturalism of the family, the appearance and actuality of the will in civil society and the political universal moment of the modern state.

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<sup>350</sup> NLE p. 79.



## Chapter nine

### 1. Civil society versus the state?

Most of the discussion of the PR is concentrated on Hegel's theory of the state, which was associated with the actuality of *what is*.<sup>351</sup> Early Marx, in his *Contribution to the Critique of the Philosophy of Right*, argues that Hegel's mistake is that he represents *what is* as the nature of the state.<sup>352</sup> Therefore, Hegel's work is reactionary to the extent that the social order of the Prussian state it reflects is reactionary, as Marcuse put it. Nevertheless, Hegel's theory more than being a reflection on the Prussian state by being a conceptual exposition is able to "absorb and consciously retain the contradictions of this society to follow them to a bitter end".<sup>353</sup> Taking into account the centrality of the socio-political analysis in Hegel's philosophy, Marcuse (1973) highlighted how Hegel prepared the path for both social theory as social critique, and of positive sociology.

Avineri (1972) shifted interest towards Hegel's social analysis offered in his political and philosophical writings. He attempted to fill the gap in research in this topic by throwing light on Hegel's social theory as part of his analysis of modern ethical life and of the family, rather than focusing on the state. His view of Hegel's civil society distinguishes between an anthropological reading, which puts emphasis on the struggle for recognition and needs, and a social critique, which raises the question of labour as the way of relating objectivity and subjectivity in the real conditions of factory labour in industrial society.

<sup>351</sup> See Rose (1981) for a speculative reading of this proposition pp. 48-51.

<sup>352</sup> Marx (1843) CW Vol. 3, p. 63. The translation given is *Philosophy of Law*.

<sup>353</sup> Marcuse (1973) p. 178. For Habermas Hegel solves the problem of mediation of the state and civil society by the sublation of society in the constitutional monarchy. The absolute is conceived as the model of the relation to itself of the knowing subject (Habermas (1985) p. 39).

The systematization of Hegel's argument in the PR in recent debates is mostly represented by liberal and "critical" legal theorists. According to Stillman (1987) Hegel rejects the language of economics and political economy and differentiates civil from political society of the state. He sees civil society as the sphere of human needs and labour, law, public authorities and corporations.<sup>354</sup> The role of labour is perceived from the perspective of social culture.<sup>355</sup>

Among authors such as Göhler, Riedel, Ritter, Pelczynski, and Habermas the discussion is mainly located on the articulation of the distinction between the state and civil society, and on the crucial role of modern political economy. For Göhler (1974) the separation of the state and civil society is the result of Hegel's reflection on the French and industrial revolutions. The division of state and civil society is viewed as the reconstruction of modern political economy. Economic relations appeared as the private sphere separate from the public by the monopolisation of political force.<sup>356</sup> By economy was not merely meant the economy of the house (*oikos*) as in the Aristotelian tradition. Society was considered as primarily economic with the emancipated burgers and their new political role in the modern state of citizens.<sup>357</sup>

The idea of the social as a free apolitical space is the result of the one-sided privatisation of one part of the public life of the traditional "*societas civilis*". However, this division of the state and civil society did not conceptually grasp economic and social developments. Hegel examined the traditional "*societas civilis*" and the economically determined social structure of private burgers and the centralised political force.

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<sup>354</sup> Stillman (1987) p. 77.

<sup>355</sup> Ibid., p. 80.

<sup>356</sup> Göhler (1974) p. 472.

<sup>357</sup> Ibid., p. 474.

For Hegel the *Bürgerliche Gesellschaft* represented formal universality and had the same meaning as "the night-watchman state" of the liberal argument, in the sense of the external state of necessity and understanding which has as its content the system of needs, police, administration of justice, corporations.<sup>358</sup> This view of civil society, i.e. implying the liberal conception of the state is differentiated from Hegel's idea of the political as the realisation of the universality of the will and thus of political freedom. In both early systems, *System of Ethical life* (*Regierungssystem "also selbst im Staat"*) and *Realphilosophie* (the constitution), the state and civil society were not yet dealt with as objective institutions as they appear in the PR.

For Riedel (1962) the connection of the state and civil society is not merely formal since it corresponded to revolutionary historical changes.<sup>359</sup> This historical change was expressed in the rise of "political" or "national economy". For the history of ideas Aristotle was the first to use the term "*Koinonia politike*" as the political union or association. This latter was translated as "*societas civilis*" and became, together with its synonyms *civitas* and *res publica*, a general term for the independent political entity of the state. The "political" and "civil" was used synonymously by Aquinas, Bodin, Hobbes, Spinoza, Locke, and Kant. Hegel's alteration was the boldest innovation of the traditional use which started with Bodin's concept of sovereignty and Rousseau's general will. In the NLE and in the Jena period Hegel rejected the modern natural law viewpoint in favour of an ethical concept of the state as an ethical substance rather than a multitude of individuals.<sup>360</sup> In the *Phenomenology* Hegel pointed the danger that *Sittlichkeit* may be alienated to the moral and intellectual tradition and therefore end into terror as the political experience of the Jacobin republic had shown. Herein is based the restoration of the romantic interpretations and the positivist reading of Hegel.

<sup>358</sup> Ibid., pp. 477-8.

<sup>359</sup> Riedel (1962) p. 3.

<sup>360</sup> Subjectivity and particularity were perceived in Jena as the enemies of ethical and political life. Instead of being the sphere of individualism and freedom. The third standpoint is that of organised social interests represented on the level of social classes (Kortain (1984) p. 5).

For Pelczynski (1984) the civil society of the mature Hegel represented a necessary "moment" in the dialectical development from the family to the state.<sup>361</sup> The conceptual separation of the state and civil society is one of the most original features of Hegel's political and social philosophy. Habermas (1985) distinguishes the classic idea of the social, which since the eighteenth century has split apart into a social theory grounded in political economy and the theory of the state inspired by modern natural right. Hegel is the first to articulate a conceptual framework that is even terminologically adequate to modern society, in that he separates the political sphere of the state from civil society. He integrates, as it were, the opposition between modernity and antiquity found in the theory of art into the theory of society.<sup>362</sup>

The above discussions highlighted the importance of the conceptual comprehension of modern society through the split of the social sphere into economic and political. They point out the importance of this conceptual split, and then mainly concentrate on the role of the modern state viewed historically and reconstructed by Hegel. Thus the early marxian critique that it is a mistake to identify *what is* as the nature of the state has a political and conceptual importance which indicates the ethical nature of the political economy of the modern state and the critical stand-point of a conceptual reconstruction.

Habermas with regard to his analysis of social relations focused on communication, Pelczynski on the role of modern state and the nation as the modern political community, Riedel on the distinction between antiquity and modernity on the basis of the natural law tradition and of the political economy based on the analysis of labour, Göhler on the comparison of the political economy of the early writings in contrast with the political economy of the PR and the logic of universalism.

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<sup>361</sup> Pelczynski (1984) p. 1.

<sup>362</sup> Habermas (1985) p. 37.

In this chapter I shall focus on Hegel's social theory as demonstrated in his account of civil society and the politico-economic argument developed as the necessary "moment" in modern ethical life. The following analysis presupposes the critique of liberal accounts of abstract right, morality and contract examined in the chapters above. The questions of Rousseau's will, the Hobbesian state of nature, the Kantian idea of reason and practical rationality being the basis of law and morality are discussed in the context of ethical life from the point of view of civil society.

In the early writings (NLE, SDS, FPS, PS), social theory had a practical orientation in the discussion of right, morality, ethical life, and some first blueprints on constitution. The politico-economic influence highlighted the economic nature of the modern relations and the search for the science of ethical life. The later Hegel reformulated this distinction but also elaborated the idea of civil society and modern ethical life on the basis of the ethico-political and politico-economic analysis to be found in the practical categories of labour and the division of labour, right and positive law.

## 2. An "analysis" of the political economy of civil society (*Bürgerliche Gesellschaft*).

Civil society is approached as the sphere of mediation in modern ethical life. It is the stage of difference between the naturalism of the family, feeling and the universality of the state as the conceptual realisation of the rationality of the modern ethical life. It is the "moment of the liberation of plurality" but also of collisions and conflicts.

The analysis of particularity and universality is the second level of analysis of the relation of individuality and universality. This conflicting relation is analysed logically and systematically as the examination of the different moments of the will which becomes ethical. It contains three elements: abstract individuality as expressed in

abstract right, the formal universality of law and the substantial universality of the state. The priority of the universal is not irrelevant to a critical and methodical examination of right as it becomes the characteristic of modern ethical life.<sup>363</sup>

As pointed out by Marx, the principle of civil society lies in an ambivalence<sup>364</sup> due to its double-sided foundation (PR par. 182).<sup>365</sup> Its principle is the concrete person, not merely the abstract legal person as it is for abstract right. The concrete person is the citizen as actualisation of the particular will of the bourgeois as universal will (PR par. 190).<sup>366</sup> The bourgeois is the person as the totality of needs, mixture of natural necessity and arbitrariness. This person stands in relation to other similar particular persons and thus "each asserts itself and gains satisfaction through the others" and further through the mediation of a universal form, i.e. the second principle of civil society.

Particularity is liberated only in the relation with the other, which in this case is a relation of means to the end of the particular person. In the means-ends dialectic the particular person becomes conscious as a selfish end in and for itself through its relation to others, even if the others are only viewed as means from the viewpoint of the particular person. The relation with the other is recognised as a relation subjected to the means-ends dialectic. The rationality of this form of liberation appears at first sight as instrumental, i.e. as the relations among particular individuals.<sup>367</sup>

The dialectic of means-ends is absent from the societies of classical antiquity, which also lacked the idea of the individual's right and subjectivity. That is very much a modern product. The concept of society in Plato and Aristotle puts emphasis on the

<sup>363</sup> Göhler (1974) p. 479.

<sup>364</sup> Ibid., p. 479.

<sup>365</sup> The exposition of civil society reproduces the phenomenological transition from simpler forms to more complex. In the case of civil society Hegel presents the phenomenology of needs Brod (1992) p. 29.

<sup>366</sup> The object of right is the person, of morality the subject, of civil society the citizen as bourgeois, of the state the citizen human being is examined in the context of the representational thought (PR par. 190).

<sup>367</sup> On the teleology of the means-ends dialectic see Lukacs (1976) ch 6.

social relations of interdependence among human beings. The "*zoon politicon*" in Aristotle, or the perception of the *Republic* by Plato, emphasises this interdependence as part of man's political nature. In other words, being interested in public affairs is a civic virtue and essential element of the nature of the citizen. For Plato, the simplest *politeia* can be founded by the coexistence of four or five people where each works for the whole.<sup>368</sup> The division of labour as separation of professions is acknowledged and the just city is the one that achieves the best possible distribution of resources and labour according to individuals talents and education.

The enlightenment view of society, as represented by the natural law and contract tradition, seems to assume and transcend this idea of interdependence which underlines the co-existence in society. Relations of interdependence were the basis of the feudal idea of society or of the medieval natural law tradition of the community of God. However, the question of individuality and natural rights as the basis of modern individualism, pointed out the need for their guarantee on the very social basis of modern society which is relations of interdependence. The bourgeois civil code and the codification of law in continental Europe was to endorse and institutionalise these natural law demands. Hegel's idea of civil society and the *PR* is to be viewed as part of this debate. It grasps conceptually, the idea of society as a form of interdependence based on needs, but also highlights the social demand for the liberation of particularity under the rule of law. Particularity without the support of law is merely arbitrariness.

In that sense the concept of society that Hegel introduces is based on a double principle which is possible to be grasped conceptually not only as threefold relation (abstract, formal, substantial) but also as the *relation* of universality and particularity<sup>369</sup> and in addition as *relation* between particularities. These arguments

<sup>368</sup> Plato *Republic* 369 B and C, 370 A.

<sup>369</sup> For the danger that the universality-particularity relation be reduced to the old metaphysics see NLE, where Hegel offers a critique of metaphysics.

seem to run together in the analysis of civil society. The selfish ends are conditioned by universality as the system of interdependence which implies the subsistence and welfare of the individual as a *rightful existence*. This system is that of external necessity and understanding (PR par. 183).

The relational mediating characteristic, as relation between similar particularities, is very soundly indicated in what Hegel calls the moments of civil society. First, the abstract moment of *the mediation* of need and satisfaction of the individual through his work and through the work and satisfaction of the others. That "system" is what he calls the "system of needs", where particularity splits into *systems*, consequently there is a plurality of systems. Nevertheless, for Hegel the logic of the system of need is not merely mechanical. The nature of needs and their satisfaction, the mediating role of work and education and then the resolution of the plurality of the systems of needs in the permanent recourses of the estates is also turned round in the sense that particular persons share universal resources on the basis of social inequality. This aspect of particularity is "the spectacle to the relative identity of particularity and universality" (PR par. 200). The protection of permanent resources is a root to the universal.

The second moment of civil society is the actuality of universal freedom in its merely abstract form as right becomes law (*Dasein*) and its actualisation as the system of justice. Justice is merely negative justice, in other words the liberal concept of justice, to be found in Smith's LJ, as the protection of the particular right which is fixed as the right to private property. This institutionalisation of arbitrariness and particularity endorses arbitrariness in the social institutions of civil society and thus contingency. The internalisation of contingency, similar to the Hobbesian state of nature, in the systems of needs and administration of justice requires public provision offered by the political institutions of civil society, instead of an "invisible hand policy".



Contingency, but also provision for the common interests among similar particular concrete persons, implies public policies. These provisions become the actualisation of the individual's own will, and particular nature is cancelled through the infringements of property, and thus legal personality, on the same basis. In that sense particularity is posited as formal and thus "cancelled" by being subject to the end that security of property owners and persons should be guaranteed. Nevertheless, it also raises the question that the livelihood and welfare of individuals should also be secured. Universal authority must prevent contingency on the level of particularity from becoming arbitrary evil (PR par. 232).

### **3. The "System of needs" and political economy.**

Subjective need is the starting point for the examination of the system of needs. The satisfaction, multiplication and differentiation of needs, implies at the same time the abstraction of needs (PR par. 190-5). The human being with natural needs of the system of needs assumes the subdivisions into the person of abstract right, as subject of morality, member of the family, bourgeois in civil society and citizen of the state. Individuals are *compelled* to produce for the satisfaction of abstract needs in order to satisfy their own particular needs. Interdependence among the bourgeois is based on selfish motives of need and satisfaction which is mediated by the need for producing for others, and then only indirectly satisfying their particular needs.<sup>370</sup> Civil society is the sphere in which particularity reaches its universality as the universalization of the particular will. In this sphere the will being in-itself and for-itself reaches formal universality as abstract form. The formality of this universality is full of contradictions between subjective ends, moral opinions and universal relations of interdependence.

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<sup>370</sup> Cullen (1988) p. 23.

Nevertheless, there is no liberation in the "state of nature" in which there are only natural needs and their unmediated satisfaction. The lack of mediation does not imply a higher degree of liberation or freedom for individuals.

"For a condition in which natural needs as such were immediately satisfied would merely be one in which spirituality was immersed in nature, and hence a condition of savagery and unfreedom; whereas freedom consists solely in the reflection of the spiritual into itself, its distinction from the natural, and its reflection upon the latter" (PR par. 194).

For Hegel, the lack of identity between satisfaction and mediation is also the source of the modern concept of freedom, as freedom of reflection, i.e. critical. Within social needs, as a combination of natural needs and spiritual needs, the latter, as universal needs, predominate. Liberation is possible in the sense that need exists not merely as a necessity imposed by oneself alone, instead of simply being an external necessity. This inner contingency is contrasted with the arbitrariness of natural need. The dialectic of immediacy and mediation does not exclude one another. The relation of immediacy and mediation is a combination which highlights the condition of modern freedom and liberation.

This form of subdivision is perceived positively as the moment of social liberation.<sup>371</sup> Liberation is actual through the expression of opinion and work (PR par. 194). The liberation of the immediate need meant the move from the state of nature to the system of needs for Hegel. There is a substantial shift in comparison to Hegel's early views; first, in the way that he introduces what he calls the state of nature and how needs arise and are satisfied. Second, the way he embraces the arbitrariness of particular needs in the system of needs. Third, by distinguishing between the

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<sup>371</sup> This process of abstraction implies for Habermas the reification of the logical relationships which was the subject of negative critique in the early writings. The sphere of communication, and thus the logical reified relations are valid and operative only behind the backs of the subjects. This examination of reified logical relations corresponds to the relations taking place in the sphere of production which is formally separated by Habermas from the sphere of communication (Habermas (1985) p. 148).

unfreedom of savagery and socially mediated freedom. What his later account shares with the early writings is the mediating role of work and subjective opinion as forms of externalisation and actualisation of socially mediated freedom. This way of putting the question of liberation leads Hegel to the endorsement of the politico-economic account of needs and their satisfaction, but also the socio-theoretical mediations implied.<sup>372</sup>

The analysis of the "system of needs" in the PR is addressed as the subject of political economy. The methods of political economy, as the way of grasping its material (*Sache*) and reaching its principles, is addressed as follows in the addition written by Hegel and Gans:<sup>373</sup>

"But this proliferation of arbitrariness generates universal determinations from within itself, and this apparently scattered and thoughtless activity is subject to a necessity which arises in its own accord. To discover the necessity at work here is the object of political economy, a science which does credit to thought because it finds the laws underlying a mass of contingent occurrences. It is an interesting spectacle to observe here how all the interconnections have repercussions on others, how the particular spheres fall into groups, influence others, and are helped or hindered by these. This interaction, which is at first sight incredible since everything seems to depend on the arbitrary will of the individual, is particularly worthy of note; which presents only irregular movements to the eye, yet whose laws can nevertheless be recognised" (PR par. 189 A).

The discovery of the principles of the thing is not merely an arbitrary imposition or enforcement of laws onto the subject matter. The "extraction" of the rational

<sup>372</sup> At this point it is important to mention the distinction between negative economic and legal freedom and ethical freedom. Negative freedom is the characteristic of "open societies". It is the freedom achieved in the context of social contract. Economic freedom is that of the liberal natural rights, of abstract formal right, of the right to private property, of work and of the choice of livelihood. The latter question raises the question of ethical freedom in its politico-economic basis.

<sup>373</sup> In contrast to the Rousseauian revolutionary deductive contract theory, Hegel understood English political economy as an inductive (hermeneutical) theory of the already existing, historically constituted social reality, which seeks to extract from it the principles that determine it as its inner law. The "pathbreaking" significance of political economy as the new science is in the way that it draws its principles from multiplicity and develops them into simple principles (Ritter (1984) p. 69).

principles of the thing is the "thinking" thing which is not the immediate thing but the thing in terms of its concept as it is thought from within itself.

Political economy works on the level of understanding which grasps the nature of the thing itself, i.e. defines the nature of the thing by discovering its principles. The laws of political economy arise from the generalisation of arbitrariness which *becomes* law. Hegel highlights the historical role of deductive reasoning in both sciences of law and political economy but also points out the mischief it can do if used uncritically.<sup>374</sup> For classical political economy the realisation of the individual's will is mediated by labour, the organisation of the division of labour, and exchange. The virtue of political economy is that it offers the spectacle to observe "how all the interconnections have repercussions on others, how the particular spheres fall into groups, influence others, and are helped or hindered by these" (PR par. 189 A H,G). These connections cannot be seen on the basis of the arbitrary will of the individual.<sup>375</sup> The way that political economy approached civil and modern society was rational, in the sense that it inquired into the nature of the laws of politico-economic relations. Political economy offered a systematic and naturalistic view of the political economy of modern relations. The idea of the "hidden hand", for example, represents the negative acknowledgement of the nature of reason in modern political economy. The systematisation of politico-economic relations put on the conceptual level the conflicts of these developments. Hegel's endorsement of political economy acknowledges the dialectics involved in the systematic politico-economic approach on social phenomena. Therefore the system of needs as the expression of need in general is the presupposition of the satisfaction of singular need, i.e. producing for others and for

<sup>374</sup> In the introduction of the *PR* deduction is asserted as a necessary duty of positive science, i.e. to deduce from the positive data and historical development and to follow up their consequences. But it cannot claim in this way, in the case of the science of law, that the need for the rational determination of right is satisfied (PR intr.).

<sup>375</sup> Marx, in the comments on James Mill, argues that "the true law of political economy is *change*, from whose movement we, the scientific men, isolate certain factors arbitrarily in the form of laws" (Marx 1970 p. 211).

the satisfaction of abstract need is the condition of the satisfaction of individuals' need which at the end of the day is simple and singular <sup>376</sup>

#### **4. Labour: a phenomenological and political view.**

The first influences of political economy led Hegel to a negative critique of the universal form of social relations expressed through property, contract, money exchange, but also of the universalism of mechanical labour. His account of this type of universalism led to what he called the "bad infinity" and thus a first, still negative, account of the political constitution in modern society.

Labour for civil society, as a productive power, is the basis of civil society and of the idea of the state as indicating the social character of man's activity and results in the ethical role of estates.<sup>377</sup> Labour and the labour process involves conscious activity which results in some form of self-objectification. Viewed on a social level, labour and need are always universal. For Hegel this abstraction is illustrated as in and for itself in the process of the individuation of the individual which completes itself within society or what he calls objective spirit.<sup>378</sup>

The secondary discussions on Hegel that deal with the question of labour are rather anthropological in the sense that they overemphasise the argument that human beings satisfy their needs through human activity, i.e. labour as the appropriation of nature on the basis of natural rights. I shall distinguish two stand points in Hegel's own writings on that question. First, is the master-slave dialectic developed in the

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<sup>376</sup> This way of looking at Hegel and political economy saves us from questions like "was Hegel liberal or not". Popper's argument against Hegel that he was an enemy of liberal thought which was defused by Illing (1975). See also Avineri versus Russell (Avineri (1972) p. 239). For a recent account on the question of closure and openness "in the cross of the present" see Fine (1993, 1995).

<sup>377</sup> Illing (1975) pp. 71-2

<sup>378</sup> Riedel (1970) p. 120.

*Phenomenology* and, second, the examination of labour in relation to the division of labour. Both standpoints share the fact that labour is not merely a "natural" activity or an activity for the appropriation of "nature". Rather it is a mediating and mediated activity, an activity which is already a formative relation. This relation is formative for the working subject, but also for the object formed. If this relation is viewed in abstraction as a subject-object relation its historical content is acknowledged only negatively. What is missed out is that the content is subject of change under the complex form of labour organised on the basis of the division of labour and mechanised labour. This misrecognition is presupposed for an analysis of labour as a social relation, but also for the use of individual resources, i.e. individual's power to produce (PR par. 69).

The master-slave dialectic developed in the phenomenological writings has shown that labour is a conscious activity.<sup>379</sup> In other words, labour, apart from being a purposeful activity for the production of a particular product, involves also social relations as relations of recognition and reification. Thus the master-slave dialectic is resolved into the critique of the reified social relation. More important is that these reified social relations posit legal personality and the person as the foundation of right and characteristic of the modern form of social relations. This is to be shown in the PR by the examination of abstract right. Instead what the master-slave dialectic put forward is the relation of mutual interdependence which results in a product but also a recognition of the social relations involved.

The misunderstanding of the relation of interdependence and recognition involved led to a legal political view which underlines the importance of the relation between persons and seems to underestimate the importance of the phenomenological reading (as the experience of the forms of consciousness). The lack of a political reading led

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<sup>379</sup> Göhler (1974) appropriates Riedel's argument that the classic idea of labour or labour as art and the modern idea of labour carried by the self-conscious traders. In that sense he highlights the questions of value and reification of labour and the division of productive and unproductive labour.

to the anthropological view of labour and the slave-master dialectic or to an anthropology of labour relations and of the way that they are experienced as forms of consciousness. In that sense, the modern form of labour relations as relations of interdependence and recognition is the key to a critical understanding of ethical nature of modern social and legal relations, and as a form of the objectification of individual consciousness and activity as a social purposeful activity.

The use of labour (in the labour theory of property) in the early sections of the PR presupposes the structures of recognition developed in the phenomenological writings. This exposition is presupposed in the critique of the individualistic theory of property and labour theory of property found first in the writings of Locke.<sup>380</sup> It is to be used first as the critique of the legal concept of property and thus shows that the "property contract" in industrial society led to the "labour contract", where the subject of contract was not an external thing or the access to natural resources but a contract on the very nature of the individual to be a resource for production of value and thus as having the *power* of producing and *using* this power.

The view of property as right to one's body resources and labour led historically to the abolition of slavery and its replacement with wage-labour. In that sense, the individual became the subject of rights which were not contained in the property contract theory. This also meant that the existing theory of political contract which was based on an individual's calculating reason or on the fear of God had to incorporate the social developments perceived conceptually by political economy and the new role of labour power of producing and division of labour.

In the civil society section, work is defined as the process of formation, during which goods acquire their value and their appropriateness (*Zweckmäßigkeit*) for consumption. What is consumed at the end of the day is human effort. Work in the context of the system of needs is the mediation whereby appropriated and

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<sup>380</sup> For a comparison of Hegel's and Locke's theory of property see Brod (1992) p. 67.

particularized means are acquired and prepared for similar particularized needs. The labour of human beings provides the means for the satisfaction of human needs (PR par. 196 [A]). Thus labour becomes a formation not only of the particular material where the effort and work is applied, but is the process of formation and education, both theoretical and practical, which makes individuals able to use permanent resources to satisfy their needs and have the choice of their livelihood. This form of education is based in the very nature of work, as pointed out by Smith as the use of individual resources socialised through the system of the division of labour.

The modern form of labour was viewed either from an anthropological educative point of view or as merely mechanical activity. Both views are to be looked from the perspective of the division of labour as the social, and mediating moment in the organisation of labour in modern society.

##### **5. Labour, abstract labour and division of labour.**

Abstract labour as divided labour exists in a new form of "unity" as the plurality of simple abstract labour, or simple tasks as is represented in the "system of needs" by the abstract form of labour as the universal and objective aspect of work. For Hegel the objectification of labour as a process of abstraction confers a character on meaning and needs and in its abstracted form is represented through the division of labour (PR par. 198). The first form of perceiving labour as externality is by comprehending it as social labour. In other words, as a form of a social relation. This is a simple form of abstraction. The second form of abstraction which is characteristic of the modern form of labour is its relation to socially divided labour as it took place in manufacture and then on the basis of organised industry. The clock-work organised division of labour was idealised by its contemporaries (Smith, Mandeville, Hume). Its rationalising effects measured its key role for the social use and



organisation of labour. Thus its social role was to be concretely observed in the example of manufacture. This social phenomenon was investigated by the Scottish moral philosophical school, which gradually became more and more interested in comprehending civil society and politico-economic relations underlined by the generalisation of the division of labour and exchange.

The philosophical response to that process was sceptical. The division of labour substantiated the objectification and forced externalisation of individuals' labour followed by the development of policing practices and what was called the later "police state". What was to be the provision for the well-being of the polis (classic use of the term) was to be developed into the policy of the regulation of the prices of commodities where the market failed and criminalisation.

Industrialisation was experienced first as alienation and second, as a form of destruction. Destruction of the unity of the ethical life and forms of social organisation, i.e. polis of the citizens.<sup>381</sup> All the formative content of labour was merely a socially organised process where human activity was part of a mechanical process. The simplification of tasks and the introduction of machines allowed the joining together of simple tasks leading to the production of the product, which for the individual would have been impossible to produce as quickly and in the quantities produced by united simple tasks. In the early political writings Hegel address these developments negatively, but also by pointing out the "dynamic" which was released by the modern organisation of production. The universality and objectification of labour could lead into not only the mechanisation of labour but also to barbarism.<sup>382</sup>

<sup>381</sup> See for the Aristotlean distinction between oikos and the polis.

<sup>382</sup> Harris (1993) highlights that the blind reproduction of mechanised labour and the economic machine under capitalism could result in the actualisation of "economic rationality" and thus to barbarism pp. 191, 206. Thus he employs a normative conception of social justice as regulative idea p. 198. In the mature Hegel of the *Science of Logic* but also of the *PR* the project of "reconciliation" of teleology and mechanism is central. The purposiveness as teleology is to be found in the very nature of labour as purposive activity (Lamb 1988). The rationality of this purposiveness is subject not merely to "economic rationality" but to the "cunning of reason" which lies in Hegel's idea of the ethical organisation.

The division of labour proved to be more than a principle of the modern labour process, a social mediating form, and a "dubious" form of social coherence for civil society. It offered a particular form of "materialisation" of the conception of society. In other words, the division of labour was central for the generalisation of the extensive economic relations of exchange commodification of labour which had never appeared in history before, since only in modern times had free labour replaced slavery. The division of labour as a principle represented the formal mediation of multiplicity and the complex modern economic rationality. More than being a technique of producing goods, it was a form of economic and political relations. Nevertheless, there lies the fetishism and "overpoliticisation" of a "mechanical" approach to social matters.

For the mature Hegel, the division of labour is the universal and objective aspect of work, consisting at first sight in the conceptually perceived social process of abstraction<sup>383</sup> (PR par. 198 compare with 193). Through the division of labour, the work of the individual becomes simpler and more abstract, skill becomes greater, dependence, and reciprocity more tense. The platonic idea of society as form of interdependence becomes more than ever "immediate" and the object of observation for political economy. This abstraction had in return an effect on the organisation of production and on individual labour. Abstraction of production made work increasingly mechanical. Division of labour, more than being an abstraction, conferred a specific character on means and needs and hence also on production. Labour moreover offered the means for the satisfaction of needs. The abstract form of labour as the mediation of individual's needs made money the universal converge. Due to its universality money was an essential part for the abstraction of need, mechanised production and money exchange.

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<sup>383</sup> Abstraction for Hegel is represented "logically" on the basis of the trichotomy of abstract in itself, formal as being in and for itself and the universal as the relation of all the previous moments.

The constitutive element of the division of labour is the separation of the labouring individual from the means of labour.<sup>384</sup> For both Hegel and Smith this historical element of the modern division of labour seems to be assumed. This historical presupposition is introduced in their analysis of the division of labour and its drawbacks are discussed in relation: first, of property owners and propertyless, and second, as the alienating results of the division of labour for the propertyless dependent on the commodification of their labour. Nevertheless, at the same time the expansion of the division of labour had some liberating effects. It presupposed the free self-interested individual freed from the guilds system, bondage, slavery, locality, and privileges. That made the division of labour a positive social force which highlighted the importance of exchanges on the basis of self-interest.<sup>385</sup> These characteristics of the modern division of labour for Hegel questioned and posited the idea of abstract freedom and examined its ethical aspect in social, moral and political institutions.

#### 6. Estates as the link to the universal

The form of interdependence actualised by labour/division of labour as a relation between persons which leads to the dependence on others' work is also expressed on the social level by the estates. The estates represent the plurality of interests in society as social interdependence. In that sense, as Marx has pointed out, the estates are the root of the state by representing these interests politically in the national assembly.<sup>386</sup> Hegel would argue that this representation is raised (*aufgehoben*) to the universal rational level which reflects the rationality of the ethical organisation.

<sup>384</sup> Ritter (1984) p. 71. For the historical analysis of this process see the chapter on primitive accumulation in *Capital* Vol I, part eight.

<sup>385</sup> Ritter (1984) p. 73.

<sup>386</sup> Marx CPR p. 315. Compare Smith's idea of the political as exclusion of the workers' interests in the public deliberations (See *ibid.*, ch I, section 2). This point is what Hegel calls the non-representation of the interest of the working classes because of the lack of knowledge of the law and the fact that it is devoted to the security of the interests of private property-owners on the level of the

The estates as well as the family are the basis of the state. In the PR Hegel examines the estates under the title of resources (*Das Vermögen*). In other words, the estates are the permanent resources which are represented by the agricultural estate of the landowners, the estate of trade and industry and last the universal estate. This way of viewing the estates reflects the distinction of the moments of the ethical life. But what is important is the difference of interests due not merely to the difference on the level of need but mainly on the level of the different forms of resources, property relations attached to them, and interests which represent a plurality of interests.

The permanent resources on the level of civil society are not merely the individual's resources as the mere power of producing. This idea of individual resource as the presupposition of private property examined in the section on abstract right, is here to be viewed on the social level. On the level of the family the common resources are examined on the level of the personal relations of love and natural dependence. This natural relation is different from the abstract idea of individual private property (PR par. 170) but also from the idea of the relations among members of particular estates. On the level of civil society, estates - as resources - are an impersonal social relation which appears as

"the necessity which is inherent in the interlinked dependence of each on all ... appears to each individual in the form of *universal and permanent* resources" (PR par. 199).

The necessity of common resources makes sense as the condition of the actualisation of the individual's choice with regard to its livelihood through the income he earns from his labour. At this point Hegel explicitly refers to Smith's revenue theory.<sup>387</sup> Nevertheless, for Hegel this relation makes sense as the condition and guarantee of

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administration of justice (PR par. 228). That seems the drawback of the specialisation arising from the division of labour.

<sup>387</sup> There lies the difference between the political economy of the division of labour which informed Hegel's analysis of civil society from merely the inner contradiction of private property in relation to the *communal approach* on the labour process contrasting to the privatisation of its final product but also the questions of social inequalities raised.

freedom of choice concerning individuals realise the actualisation of the freedom of individuals in relation to common resources.

Nevertheless, the possibility of sharing resources is conditioned by particularities and arbitrary circumstances and necessarily results in inequalities of resources and skills of individuals. The postulate of equality put forward by an egalitarian approach as a principle, for Hegel, is characteristic of empty understanding. "Empty understanding" because it abstracts from the complexity of the remnants of the state of nature as natural, and arbitrary particularity is not simply identical with universality. From the standpoint of the particularity, universality appears as *obligation*, (*Sollen*) as *an ought*, i.e. in distinction to what is. At that point where the moral philosopher or the contract theorist would put the question of moral and political obligation or the postulate of equality in front of the law, Hegel highlights the importance of the remnants of the state of nature and the way they are integrated in a rational whole as the particular characteristic of civil society in its simple form.

Inequalities are perceived as real, whereas universality is only imagined (*einbildet*) and thus is only in relative identity with the particularity realised in bourgeois society (PR par. 200). The relation of particular universal and universal is dealt with as follows: first, he acknowledges the vestiges of the state of nature and, second, the state of nature is examined as in opposition to moral or political obligations approach. This opposition is a rational opposition on the level of the empty understanding. The truth of this relation is grasped conceptually, in its relation to the ethical organisation as set by Hegel, historically and philosophically. Thus estates are divided according to the concept, and in that sense reflect the idea of ethical organisation. Abstract equality is contrasted not merely to inequality but in relation to the ethical organisation of the different estates.<sup>388</sup>

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<sup>388</sup> Marx in his *Contribution of the Critique of the Philosophy of Right* made central the relative identity of civil society and the state and this ambivalence was the political representation of civil society in the institutions of the state and the legislature. Marx is particularly ironical when he

What is at stake results in what is known as the "analytic of the political". Under the section of the power of the sovereign Hegel points out that what is misunderstood as the power and empty arbitrariness, results in the equation of sovereignty with despotism. The rule of law and the rightful existence of power lies in the ethical organisation of the whole as expressed in its end, i.e. the welfare of the whole (PR par. 278 A, G 279). That is very much like Smith's idea of the general good. For Hegel, further, that consists in the subjectivity of the will as self-conscious will being in and for itself and thus *becoming* through the immanent development of science the general will and the basis for the justification of power in the modern world (PR par. 279). This development of the will is the basis for the state and the universality that ensures the connection between selfish particularity and the immanent necessity to have links with the universal having resource to the others (PR par. 201).

The universal is actualised in consciousness and knowledge of its negativity which is the content of positive universality. But since this expression is very abstract and the aim here is to analyse the dialectic of bourgeois society, I shall refer more specifically to what Hegel calls the allocation of individuals to the estates viewed historically as the basis of the distinction between antiquity and modernity. In the Greek states, caste system or Roman republic subjective particularity was excluded from the organisation of the whole.<sup>389</sup> Thus the presence of subjective particularity was considered as corruption, degeneration etc. In bourgeois society subjective

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analyses the way that political theory responded to this question. The earthly inequality of civil society became the equality in front of God or in front of the law in the rule of law. That became a resource for the religious readings of Hegel's theory of the state. According to Pelczynski (1971), Marx denies the view that the state was an all-inclusive political community with a distinct ethical character and denied its primacy in social and historical life. He reversed the Hegelian relations between the two and made civil society the ground of political life and the source of political change (Pelczynski (1971) p. 2).

<sup>389</sup> Thus Hegel's modern ethical life incorporates the principle of subjectivity and morality. That is what distinguishes Hegelian ethical life from the ancient Greek ethos. It liberates morality from the separation from reality deriving from the end of traditional politics. This reality itself has emerged ... with a political and social revolution and the grounding of law and state upon freedom, such that it has subjectivity as its subject and freedom as its substance (Ritter 1983, p. 168).

particularity is supported by the objective order and becomes "its sole animating principle" and the resource of development of intellectual activity, merit, honour. In that sense civil society animated a universal but formal idea of freedom (PR par. 206), which endorsed particularity as the fixity of right to private property protected by its political institutions (PR par. 208).

In short, estates as part of the system of needs realise the plurality of the system of needs and are a form of social organisation, an ethical organisation, in the same way that corporations and police as public provisions are part of civil society. That introduces, for Hegel, the contrast to an individualistic model of society similar to the Hobbesian view of the state of nature. This model is already the subject of examination by political economy and the historical development of labour and the division of labour which materialised the idea of society as a relation of interdependence. The contrast between these models is expressed in the distinction between first, the determinate universality of this interdependence as external necessity and second, as rational universality which is the realisation of the universal will. Thus Hegel put forward a view of society which is not merely mechanistic but rests on the rational idea of the realisation of freedom on both the conceptual and the ethical level as an ethical relation

The rationality of the estates and their ethical aspect is that they are a form of organisation of the permanent resources as a whole. The subdivision into different estates is similar to the one to be found in the earlier writings. First, is the substantial estate which has its resources in the natural products of the soil which it cultivates. This estate is the original foundation of the state (PR par. 203). Second, comes the estate of trade and industry. Its labour is to give form to natural products (PR par. 204). Third, is the universal estate which represents the universal interest. This estate is exempted from work for the direct satisfaction of its needs (PR par. 205). This subdivision of estates represents three different forms of labour and modes of

satisfaction of needs and reflects a broader form of organisation and *use* of the plurality of the systems of needs: that which in the later literature on the division of labour was dealt with as the social division of labour.

### **7. Estates, corporations and the "rationality" of the state.**

Estates, similarly to corporations, are the moment that actualises universality and provides an ethical quality on the level of civil society.<sup>390</sup> Hegel, unlike the liberal argument, argues in favour of corporations. The economic activities performed by the corporations also have an ethical aspect which is misunderstood if economic activities are viewed on an individualistic basis. Corporations perform important functions of engendering recognitive social values in correspondence to the society they exist.<sup>391</sup> The difference between the estates and the corporation is that the latter are characteristic of civil society, since they are strictly connected with the development of the cities and the increase in the importance of the second estate of trade and industry (PR A par. 255). The argument in favour of the corporations is opposed to the liberal approach which saw corporations as the limit to the freedom of trade and source of corruption, in the sense that they had an impact on policies in favour of particular corporations. Instead, the modern corporations are firstly distinguished from the medieval guilds in the sense that they are put under the supervision of the modern state. The rationality of the argument in favour of the corporations lies in their ethical qualities of membership and thus of moderation of the selfish private individual who "lacks the honour" and stability that the membership in the corporation

<sup>390</sup> Corporations for Brod (1992) are the immediate institution from which the mediation of the individual and society arises. That leads into the political institutions of the state (Brod 1992, p. 53).

<sup>391</sup> Walton's account: although "schematic" it does address the question of the relation of political economy and political philosophy. The former is dealt with as "utilitarianism" and the latter merely examines liberal questions. He argues versus the "pessimistic interpretation" offered by Plant in the same volume of essays. He points out that economic activity is "an integral feature of the development and expression of essential human capacities" and its implications are reflected in the internal structure of civil society (Walton 1984, p. 245). See also Angelidi (1994) on utilitarianism and liberalism.



offers. On the level of its theoretical assumptions this argument introduces the viewpoint of society not merely on an individualistic basis but on the basis of the forms that protect the permanent resources for individuals.

In that sense Hegel runs two arguments together as the two forms of organisation; a) on the basis of the corporations and estates b) on an individualistic basis which sees society as the aggregate of individuals. The rationality of these arguments is on the level of their relation as an ethical relation, which clarifies the difference between Hegel's argument and the historicist arguments both in legal theory but also in political economy. Actualisation is in the sense of reflecting the relative identity of the external system of necessity and the inward ethical link which leads to the rationality of the state.

The invisible hand of the liberal argument is the "cunning of reason" which acknowledges contingency and thus informs it in a way that is distinct from arbitrariness. This rationality is actualised as the dialectic of relative identity on the institutional level which mediates the rationality of the actualisation of particularity as lawful existence (*Dasein*).

#### **8. The relative identity of formal universality or the dialectics of civil society.**

The separation and relative identity of formal universality and universality as rational and ethical quality is substantiated in the estates, but also in the third subdivision of civil society in police and the corporations. What is the *rational character of the institutions* is demonstrated by an analysis of the dialectics of civil society (PR par. 219).

In the system of needs, needs and their satisfaction through work offer a blueprint of the possibility of actualisation of individuals' will as arbitrary will. These contingencies are annulled on the level of the administration of justice, where all individuals are equal. Thus the actualisation of individual will is universalised and actualised by the positive legal code. In addition to that what is needed is the provision and protection of this actualisation. In that sense not only property, person, personality but also livelihood and the welfare of individuals should be secured. In the "rationality" of the negative justice which would protect property, person, and personality is also "added" the need of protection of particular right in general (PR par. 230). To put it in a different way, the dialectics of universality and formal universality actualises an ethical quality which posits right in general, actualised in the politico-economic institutions.

On that level, the political role of institutions such as police or corporation remains an external order limited by contingency, or what appears in the system of needs as the vestiges of the state of nature. The police is the public authority to implement penal justice (PR par. 233) and thus offers a public service. The political economy of the public utility offered by police more concretely actualise the dialectics of civil society as the actuality of civil society which resolves into the real universality of the political.

Contingency and individual inequalities become universalised through the universalisation of needs since their satisfaction is not merely by means of one's labour, but through labour which produces commodities. The means to satisfy needs were made available by the accumulation of wealth, increase of the division of labour and its expansion in its different forms. This process also implies the increase of the specialisation and limitation to a particular work, as do the dependence and want of the class which is tied to such work. At this point the division of labour as the principle of organisation of labour, apart from the advantages that political economy analysed very well, turns against what is its vital resource, i.e. labour power. More

specifically, the socially organised labour power which is accompanied by the development of the labouring poor as a class of people.

For Hegel the analysis of the effects of the division of labour are not merely to be observed as alienation on the individual level but also on a broader social level. Alienation as the product of industrialisation deprived the labouring poor of the advantages of civil society reproduce themselves and actualise their rights. That results in the "inability to feel and enjoy the wider freedoms, and particularly the spiritual advantages, of civil society" (PR par. 243).

Labour as the source of right, integrity, honour which comes by supporting oneself by one's own labour is lost. Thus a large amount of the population sinks below a certain standard of living. That led to the particular form of poverty and the creation of the rabble, which had a cultural element attached to it. It is not merely poverty that Hegel is concerned with, but also the creation of the special disposition associated with poverty that leads to the creation of the modern rabble whose characteristic is the inward rebellion against the rich, society, the government. The dialectic of the latter is that it makes easier the concentration of the wealth in few hands (PR par. 244).<sup>392</sup>

Even in the case where public institutions such as monasteries, wealthy hospitals, and other public foundations ensure the livelihood of the needy without the mediation of labour, this is in conflict with the principle of civil society with regard to the idea of individuality as active individuality and self-realisation in the ethical life.<sup>393</sup> The choice of one's livelihood is mediated by labour and the division of labour. Hegel underlines

<sup>392</sup> Poverty which leads to crime and the rabble mentality and the non-recognition of right is not only the problem of the poor but of the wealthy. The rich man becomes arrogant and thinks he can buy anything, because he sees himself as the power of the particularity of the self-consciousness. "The disposition of the master over the slave is the same as that of the slave ... these two sides of poverty and wealth, thus constitute the corruption of society". This approach to poverty and wealth is very much similar to the one developed by the Scots and Hegel used in his Lectures 1819-20 before writing the PR (PR cited by Wood, p. 454).

<sup>393</sup> For a Nietzschean critique of labour as being central for bourgeois thought see Löwith (1988) pp. 332-365.

the problems of overproduction, in the sense, that there is lack of the proportionate number of consumers. This contradiction reveals the inner dialectics of civil society which drives it beyond its national limits.

This dialectic of civil society is analysed as a conflicting relation on the level of the organisation of the labour process. On the one hand, the advantages on the social level is the increase of wealth, the development and elaboration of the labour process. On the other hand, the disadvantages of overproduction, and the drawbacks on the level of the individual labourer as the industrial labourer are stultification and alienation and raises the need to re-examine the relation between public and private matters. This examination reveals the inner dialectics of civil society in relation to the different forms of poverty associated with its development.

The process of the introduction of the division of labour is a process of socialisation, interdependence and multiplication. The system of needs and the division of labour as universal function of public utility needs to be secured (PR par. 235). The argument for public provisions is also to be found in Smith and the arguments related with the need of public education but also with regard to the policy in the market and safety in the streets.

For Hegel the argument of the "free trade" is circular in the sense that it resolves into the need of social provisions and of some social policy. Hegel had in mind the policies followed in England and Scotland to respond to the new reality and conflicts of civil society. The argument for the freedom of trade was followed by the argument of charity, abolition of corporations to deal with the increase of poverty. With respect to the argument in favour of free trade Hegel argues:

"This interest invokes the freedom of trade and commerce against regulation from above; but the more blindly it immerses itself in its selfish ends, the more it requires

such regulation to bring it back to the universal, and to moderate and shorten the duration of those dangerous convulsions to which its collisions give rise, and which should return to equilibrium by a process of unconscious necessity" (PR par. 236).

Hegel implicitly offers a reply to "the invisible hand" argument as the unconscious necessary process of reaching an equilibrium among conflicting interests. Public provisions guarantee first that public works are performed in the proper manner, but also secure the right of the individual to choice. Public provisions performed by the public authority are to limit the contingencies and secure the permanent resources of society responding to the development of the institutions of civil society in contrast to institutions such as the family, medieval guilds and corporations.

Nevertheless, the inner dialectic of civil society resulted in the internationalisation of the market by colonisation or the search for new consumers which transcend the national level. Trade and the development of communications developed the links between countries and contracts. The conflicting tendencies of the development on the national level resolve into its inwardly developed solution by the generalisation of commerce and trade and the internationalisation of political economy, poverty and exploitation.

Hegel highlights the

"... actualisation and preservation of the universal which is contained within the particularity of civil society, [and it does so] as *an external order and arrangement* for the protection and security of the masses of particular ends and interests which have their subsistence in this universal; as the higher guiding authority, it also provides for those interests which extend beyond the society in question" (PR par. 249).

As I have shown in this section, the dialectics of civil society in its political and economic institutions lead Hegel to the exposition of the dialectics of modern political economy of the free trade and to the way that reflects in political institutions as the

means of moderation of its conflicts. This dialectics exposes the politico-economic effects of the rise of industrial society. The role of labour and the division of labour is essential for the realisation of the dialectics of industrial society as the formal universality and the source of socially actualised freedom or as a form of domination. In that sense to grasp Hegel's analysis of the division of labour is important to take on account: first, the distinction of formal universality and second, universality positing the political and ethical aspect of the universal formal aspect of the division of labour. Hegel puts forward the dialectics of civil society as the implicit rationality, of the ethical nature of modern institutions as the basis of their change.

### **9. Freedom, actuality and formal universality.**

The relativity of need and satisfaction of needs in the system of needs appears in the first place as an external necessity or as reflected into itself in terms of abstract right. The political economy of abstract right is to be found first on the relations arising in the reconstruction of labour and division of labour and second in the way they are objectified on the level of the institutions for the administration of justice. Individuals are taken as equal human beings, rather than as the Jew, Protestant, Catholic etc., but from the cosmopolitan view of equality. Right as the universally recognised right becomes law of the nation and is endorsed in the legal code as positive, i.e. universal law.

The existence of right as universally recognised right of particularity in its rightful existence (*Dasein*), it is not merely an arbitrary right. Right existing in and for itself is the root of the universality of the will on the level of the administration of justice, and of universality on the level of the state. Abstract will acquires subjectivity and actuality as particularity as self-referring negativity, i.e. as universal right. But this

already forms the *rightful* existence (*Dasein*) on a formal, universal level than merely an existence (*Sein*).

In the process of right becoming objective law two distinctive moments emerge: first, the moment whereby something is declared to be universally valid for everyone and recognised rule. Second, the inner essential moment, of cognition (*Erkenntnis*) of the content in its determinate universality. These two moments are distinctive characteristics of the modern system of law, and are what distinguishes Hegel's argument from either a merely deductive approach or a historicist one. It is rather a historical explanation which is valid and justified through the philosophical articulation of its different moments. The justification on the basis of logical deductions or by the circumstances is relative, and is put as absolute, i.e. as the external appearance in place of the nature of the thing itself (PR par. 3). In that sense the historical demonstration and exposition of the origins of certain institutions is different from the philosophical exposition of the same origins and of the concept of the thing. But at the same time the concept of right and will in Roman law lacks the modern institutions which actualise the idea of modern freedom, which is also expressed in the systematisation of the law. The condition of the validity of modern right is that it has to be known in thought and thus made public. In addition, "... that right must be known by thought, it must be a system in itself, and only as such can it have any validity among the civilized nations" (PR par. 211, A H,G).

In that sense it is the duty of the positive science of law to use deductions, but it has to follow the determination of right. Hegel pointed to the antinomy between universal law and its specification which resolves into a quantitative matter, in the case of the penal law as a "price list". In the case of the administration of justice, the specification of the universal law is through its content of property and contracts which on the level aim at the protection welfare and individual's *livelihood*. The way

that law protects individual's well being and their right to their livelihood is an indication of the degree of stability in society.

The structure of right and the realisation of will is dealt with not as a normative system, as in most liberal contract theories, but as the actualisation of freedom.<sup>394</sup>

This argument puts forward the different forms of consciousness and will of the abstract formal and universal right as the abstract existence, rightful existence (*Dasein*) and the universal existence in the state. This structure reflects what Hegel calls the ethical organisation which is resolved into the universality of the political institutions of the modern state. However, a conceptual exposition of right is twofold, on the one hand:

"... the concept, in order *to exist*, must first of all enter into the distinction between the concept and its reality, and hence into determinacy and particularity (see & 7), and that only thus can abstract thinking attain actuality and *ethical objectivity*" (PR par. 207).

This *relativity of ethical life* allows an idea of freedom which can exist and be actualised only as external existence. It passes through necessity without being limited and cancels itself. Formal is the liberation whereby the particularity of the end remains as its content, i.e. there is the split between particular and universal. That is explained by the social tendency towards an indeterminate multiplication and specialization of needs, means and pleasures, a tendency which has no limits and involves an equally infinite increase of dependence and want.

What is important in the distinction of formal universality and universality as an ethical and political concept is that Hegel attempts to offer a foundation of political science in thought. This is his argument against the historicist argument of Herr von Haller, that it lacks philosophical reflection. Consequently it fails to realise the

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<sup>394</sup> Riedel (1975) in *Materialen*.



rational character of the institutions. The political aspect of this absence is that it results in identifying the rationality of institutions with the despotism of *what is* (PR par. 221). In other words, if civil society is viewed only as the external state of necessity where the mediation between particular and individual is the relation between individuals based on their conflicting self-interests. Furthermore, all the mediating structures which coexist somehow in the context of civil society, such as community on the basis of self-interest, or social mediation through the rationality of the division of labour, the mediation of universality and particularity are reduced either to the state of nature or to a normative moral wish.

The individual's right becomes abstract right or the pre-modern right of warfare and thus of despotism. The historical or logical origin of these institutions has no bearing on their rational basis (PR par. 219). In other words, against the historicist argument which establishes law on custom, Hegel puts forward the need for having law as a system and thus as subject of thought and of science. But then the actualisation of right needs specification and, what for Kant was important, publicity (*Offentlichkeit*). The latter is put as follows: as the confidence in one's right, but also as the freedom of public communications. In both cases, knowledge of the law is necessary.

The conflicting nature of universality as expressed in civil society and actualised through the structures of labour gave rise to the rule of law as different from the external state of necessity. Thereby the historical school of law which roots law on customary law is criticised by the perspective of the modern natural law and contract theory and the latter looked at from the point of view of living ethical life in which is articulated the relation of right and law.

Smith's argument postulates the need of the modern system of law and offers an analysis of the political economy of natural law and the division of labour. Hegel

offers an analysis of the politics actualised by political economy which results in the articulation of the modern institutions of the ethical life.

## Conclusion

This thesis is to be read in the context of the critical theory of society and it is an attempt to explore and reconstruct the complexities of the dialectics of enlightenment and of the reconstruction of enlightenment with particular emphasis on the question of the division of labour and the rise of modern social theory. The question of the division of labour in its different forms is the link between Hegel's and Smith's social theory and highlights the complementarity and differences in their argument by examining the division of labour not merely as an economic question but as a moral/ethical, social and philosophical question. Most importantly, the division of labour as a socio-theoretical question had implications for the conceptualisation of modern society and expressed the historical shift from social contract theories towards the rise of modern social theory.

By reconstructing Smith's and Hegel's social theory from the point of view of the division of labour I problematise the way that Hegel's and Smith's theories have been misread as either an institutionalist, absolutist, statist approach, i.e. primacy of the political over the economic, as versus the modern liberalism of "*laissez faire*", i.e. implying the radical separation of economy and the political. My reconstruction of their arguments highlights their similarities in reconstructing commercial society or what Hegel would call the "system of needs" and civil society. The differences in their argument throws light on the most discussed and debatable "sensitive balance" between the economic and political, moral and ethical relations. The division of labour is proved to be central both for comprehending and reflecting on economic

relations but also for breaking through the immediacy/invisibility, intimacy/distance of modern ethical relations as subject of modern social science.

The link between Smith and Hegel is reconstructed, conceptually and historically in the way that they criticise and conceptually produce the modern idea of the social. This "conceptual production" is reflected in the textual research and textual presentation of their argument in a way that it was systematically developed and modified by producing two different but also overlapping views on modern society.

The question of the modern division of labour in Smith's thought arises in the context of his historical account of the different forms of law, property and labour and in relation to the application of the rules of justice in the market (LJ). This idea of polity was to replace the classic civic idea of the *polis* of the citizens where social orders were defined on the basis of their social role. The modern commercial society was associated with the developed form of the division of labour, the system of positive law and private property and the decline of traditional morality based on moral obligation, benevolence or in Smith's terms the system of sympathy, and the normative construction of the impartial spectator. The decline of traditional morality was enforced by civil, private morals in contrast to the civic perception of the citizen, or the habitual moral sense acquired in a community. The modern civil morals underlined the importance of individual freedoms and interests.

Summing up Smith's argument, the division of labour presupposed and enforced a moderated "civilised" form of self-interest, which was based on the common

recognition that non-moderation of interests leads to war and impossibility of exchange on the basis of agreed values. The combination of self-interest and division of labour "invisibly" supported the general good of the whole nation. Smith goes so far as to say that division of labour arises from the natural disposition to exchange and barter one thing for another. This natural justification of division of labour became the source of the Marxist and sociological critiques of political economy: first, as the reproduction of the naturalism of reason and a naturalistic justification of division of labour and property law, second, as falling in internal conflict with the idea of the modern stratified society where individuals are not merely self-interested property owners but also classified in a society with social and economic inequalities.

On the one hand, the modern division of labour is contrasted to the rank system in the TMS and the argument of moral corruption by the commercial spirit was shifted to the observation that division of labour produced also the class of "free" labourers employed in manufacture, skilled but also alienated individuals who were neither bourgeois nor citizens.

On the other hand, the division of labour, instead of being the natural form of redistribution of social wealth as Smith claimed, was obstructed; first, by social and economic inequalities, second, by monetary policies which favoured commercial interests more than other class interests and third, by the traditional guild system and corporations worked in favour of the "commercial spirit" rather than towards the idea of the public interest. The combination of the division of labour and commercial spirit led Smith in the analysis of the conflicting nature of the modern polity supplemented by his idea of the primary public virtue of justice not only for exchange relations but as guarantee of social order. Part of his normative economic argument is the supply

and demand economic principle for the formation of prices, which was in need of the invisible hand to work in favour of the system of perfect liberty and natural justice. In addition, Smith underlined the need of the wise legislator which played the same role as the impartial spectator or the skilled and wise player in the metaphor which represented society as a chess board in the TMS.

From that perspective Smith developed a critique of his contemporary systems of morality, i.e. Hobbes, Mandeville, Rousseau, Hume and the systems of political economy, i.e. physiocratic and mercantilist systems. His moral politico-economic argument is resolved in the historical investigation of the rise of commercial civilised society and of the modern polity as being subject to the "sensitive balance" among general, class and individual interests. Moral and religious education were produced as the need of the division of labour and individualisation in modern society characterised by economic and social inequalities and the rise of manufacture. Smith's social theory resolved in the moral political economy of the general good.

The moral politico-economic argument for the well-ordered, civilised society was taken up by Hegel in the context of the German politico-philosophical discussions as well as by the *Polizeiwissenschaft* and *Volkswirtschaft*. Hegel's political philosophy articulated an account on the modern science of right or of political science and a historical view of the modern form of ethical life in contrast to the civic idea of the *polis* but also to the idea of the police-state which was associated with what is known as cameralism.

Early Hegel was influenced by the new science of political economy which had as its subject the division of labour and what he calls "system of needs". In his systematic speculative and phenomenological accounts he tackles the way that modern science was subject to the division of labour as division between modern abstract scientific disciplines. The historical account of modern science led Hegel to the critique of the different versions of formalism and empiricism employed in the modern science of right and the systematic analysis of the different historical forms of the ethical life.

In the NLE there is a shift from the classic form of unity of the living ethical life to the systematic view of modern ethical life as developed later in the SDS. In the PS the early phenomenology of spirit, as in the SDS, the importance of labour and division of labour for the articulation of what is examined in *Encyclopedia* as the "objective spirit" is highlighted. The mediating role of labour as externalisation, objectification and alienation is to be used as the critique for the immediacy of feeling and formal universalism which is identified with the universal form of consciousness in the abstract subject-object relation. Division of labour represents the universal form of modern labour and assumes the mechanisation of modern production which is associated with the development of modern manufacture.

In parallel, the division of labour is associated with the different forms of labour as abstract and concrete labour in the context of the different estates. These social estates are substantial part of the discussion on the modern constitution. The latter is perceived not merely in its negative form as mainly based on property law and the nation state but as the ethical unity. The political is produced in a similar way to that

of political-economy as the response to the modern division of labour and the need to moderate the dynamic released by modern mechanised labour. The system of rights, will, modern law, contract, the transition from possession to property as developed and mediated by relations of recognition and the generalisation of the division of labour supersedes labour theory of property and the subject-object relation.

In the PR the question of the division of labour is the mediating moment of the discussion of civil society and of the ethical life. The rise of the question of the division of labour affects the reconstruction of the social as subject to the division between political and economic institutions. Therefore, civil society was reconstructed on the basis of the division of labour and the *system* of needs, contrasted to the liberal approach of civil society as a relation of recognition among individual egoistic, property owners. The labour theory of property law was reconsidered on the basis of the complex relations of interdependence arising from the extensive division of labour and money exchange.

In addition, division of labour is related to the corporations and the ethical subdivision of the estates. The idea of the reproduction of the ethical unity of civil society played a political role for the reproduction of right not merely as abstract right or property right but as an ethical historical relation. The internal dialectics of negative and positive right, or rather abstract, particular universal and the universal aspects of civil society is "cancelled" into the constitution of the modern state as the ethical political unity. The constituted political secures political freedom and individual rights not



merely as arbitrary particular right or as formal legislation but as the realisation of modern subjectivity in the modern political institutions.

In that sense, Hegel was the first to draw the distinction between civil society and the state, as the defining characteristic of modern ethical life, which was only implicit in Smith's thought. Both Hegel and Smith agree that the state is not the result of a social contract but is produced as the result of the internal dialectics of the division of labour. However, there lies the difference between Smith's and Hegel's argument. Smith offers an analysis of the conflicting interests from a moral point of view and therefore his argument is critical. Hegel offers a reconstruction of Smith's argument and highlighting the political constitution of modern liberties. Therefore, Hegel's politico-philosophical argument is a critique and reconstruction of the politics of right and division of labour, where division of labour is the mediating moment for the modern political freedom.

Labour/division of labour acquire an ethical content as relation of recognition realisation, externalisation, alienation and education of "civilised" individuality. This ethical content of labour is in conflict with the negative approach of the liberal conceptions of civil society on the basis of abstract right and will. Further, it acknowledges the ethical historical and phenomenological view contrasted to traditional moral or rational theory of society on the basis of which power is a "fiction" rather than power being a productive relation.

The combination of Smith's and Hegel's argument articulates the relation between a moral argument on modern society offered by Smith and an ethical historical view offered by Hegel. Both thinkers offer a critical reconstruction of the natural law, natural right and contract theories of society. Both put emphasis on the rise of the modern social as split and divided. Both by addressing the question of the division of labour in its different configurations made the shift from the cognitive moral theories of society to acknowledge the ethical nature of modern social theory.

Hegel's philosophical argument involves the exposition of the relations of recognition and an acknowledgement of the ethical nature of the modern world as the realisation of modern freedom/unfreedom. By dealing with the question of right Hegel puts forward the nature of modern freedom as political freedom which is not simply subject to the closure of the unresolved conflicts of civil society. Therefore, the social and politico-economic relations of production and reproduction are to be considered as subject of reconstruction and re-examination, i.e., it is neither taken as immediate and given nor as the abstract objective principle.

Finally, I should close by referring to the particular role of the division of labour in a process of globalisation. The "sensitive balance" between the political and economic cannot be polarised either in the privatisation of the political under the economic sphere or the opposite. The first may lead to the despotism of the factory, the privatisation of the social and of its economic and political dynamism and the second in political repression and totalitarianism.

Modern "post-contactual" social theory, similar to social contract theories, are critical theories of society and gave rise to modern social science as negative and critical science. However, the division of labour, by becoming the subject of modern social theory, reflects this historical reconstruction of modern social and political science as critical science.

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